

REPORT BY THE

Comptroller General

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OF THE UNITED STATES

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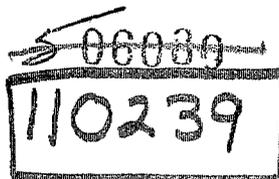
Organizing The Federal Communications Commission For Greater Management And Regulatory Effectiveness

There is substantial merit in the commission form of organization for regulating domestic and international communications--a complex and politically sensitive area.

Nothing is inherent in the commission form to preclude it from operating efficiently and effectively in the public interest. In the case of the Federal Communications Commission the most persistent need is for improved management and direction of the agency. This can be achieved with adoption of the recommendations contained in this report.

AGC 00071

Although some of the recommendations have been made before--such as strengthening the administrative authority of the Chairman and dealing with modification in size, composition, and structure of the Commission--they never have been adopted or tested.



110239

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JULY 30, 1979



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-145252

The Honorable Ernest F. Hollings
Chairman, Subcommittee on Communications
Committee on Commerce, Science and
Transportation
United States Senate

SEN06202

Dear Mr. Chairman:

Pursuant to your September 21, 1978, request, we have reviewed the management effectiveness of the Federal Communications Commission. This included the Commission's structure and organization, management functions, and personnel management activities.

This report makes several recommendations for improved management and direction of the Commission which will be useful to the Congress in its deliberations on proposed revisions to the Communications Act of 1934 and to the Commission in its management of communication's regulatory activities.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 2 days from the date of the report. At that time, we will send copies to interested parties and make copies available to others upon request.

Sincerely yours,

A handwritten signature in black ink, appearing to read "James B. Atchafalua".

Comptroller General
of the United States

COMPTROLLER GENERAL'S REPORT
TO THE SUBCOMMITTEE ON
COMMUNICATIONS
COMMITTEE ON COMMERCE, SCIENCE
AND TRANSPORTATION
UNITED STATES SENATE

ORGANIZING THE FEDERAL
COMMUNICATIONS COMMISSION
FOR GREATER MANAGEMENT
AND REGULATORY EFFECTIVE-
NESS

D I G E S T

In this report GAO is making a number of recommendations to the Congress and the Chairman of the Federal Communications Commission (FCC) for improving the management and direction of the Commission.

It is particularly important to improve the skill and efficiency of the Commission at this time when the Congress, prompted by technological changes in all facets of the communications industry, has begun a critical reexamination of the basic communications policy and regulatory methods contained in the Communications Act of 1934.

ORGANIZATIONAL CHANGES NEEDED FOR IMPROVED
MANAGEMENT

Many of the criticisms of independent regulatory agencies, including the Commission, are directed to weaknesses related to internal organization and procedural matters--management of the organization. These include

--lack of planning and developing long-range goals and objectives,

--reluctance to formulate coherent regulatory policies as a guide to adjudication and rulemaking,

--neglect of program review and evaluation of regulatory effectiveness and impact, and

--tendency toward procrastination and delay.
(See p. 6.)

f While there is merit in a commission form of organization for regulation of the complex and politically sensitive area of communications, structural, organizational, and procedural changes are needed to improve the effectiveness of the Commission's management and the agency's overall regulatory effectiveness.

In this regard the Congress should amend the Communications Act of 1934 to:

- Make the Chairman of the Commission the administrative head of the agency.
- Reduce the number of commissioners from the present seven to five.
- Provide for Senate confirmation of the designation by the President of one Commissioner as Chairman.
- Lengthen the terms of Commissioners.
- Provide for a periodic rather than a permanent budget authorization.
- Increase the number of professional assistants available to each Commissioner from two to four and the number of secretarial assistants from one to two.
- Increase the opportunities for effective representation of the general public interest in proceedings of the Commission.

MORE EFFECTIVE MANAGEMENT CONTROL NEEDED
AGENCY-WIDE

Needed improvements in FCC planning, budgeting, and program evaluation are unlikely to be achieved without organizational changes aimed at strengthening arrangements and procedures for coordination and control at all agency levels.

The Commission Chairman, like the chief executive of any large organization, will require a deputy to direct and oversee staff operations on a day-to-day basis. This will leave the Chairman free to concentrate on

substantive policy, dealings with other Commission members, the Congress, the executive branch and other interested groups. (See p. 28.)

For this reason, the Congress should amend the 1934 Act to provide for the position of Managing Director and empowering the Chairman to delegate to the Director responsibility for the day-to-day management of the agency, under the Chairman's general supervision and direction. Such a legislative provision would provide a central locus for management authority and control within the Commission as well as continuous leadership, supervision, and coordination of staff activities. It also would underscore the importance attached by the Congress to formalized institutional arrangements for effective management of the agency.

LACK OF COMPREHENSIVE PLANNING WEAKENS MANAGEMENT

HC
The Commission has not established a comprehensive planning process--a basic element of management--within which it defines its organizational goals and objectives in relation to its mission, sets priorities to achieve these goals and objectives, and measures results through organized, systematic feedback.

This reflects, among other things, a Commission-wide lack of emphasis on the importance of planning, as well as a basic lack of incentive for FCC personnel to engage in management functions like planning. As a result, the effectiveness of Commission management has been weakened, delay in decisionmaking has been exacerbated, and Commission regulation has been ad hoc and reactive as opposed to anticipatory and preventative. (See p. 47.)

To improve this situation the Commission *rec. to agency* must act in three areas:

--The Chairman, the Commissioners, and bureau management must become more aware of the importance and functions of the

planning process and make a commitment to its implementation at the Commission.

- The Commission after committing itself to planning, must establish a structure in which planning can occur.
- The Commission must establish a planning process which includes a long-range plan, a short-range plan, and a measurement and feedback process.

In this regard, GAO is recommending, among other things, to the Chairman that the Commission establish an effective planning process as a basic and integral part of FCC management. (See p. 53.)

MANAGEMENT INFORMATION REPORTS PROVIDE LITTLE USEFUL INFORMATION

To exercise effective control, the Commission and bureau managers need a management information system to provide them with information showing how resources are being used to reach the goals and objectives established as part of the comprehensive planning process and how the Commission is progressing toward these goals and objectives.

Currently, the Commission relies on seven individual reports in place of an integrated management information system for this information; however, these reports do not provide sufficient information to enable management to exercise effective control. In addition, FCC's two chief bureaus do not have their own management information systems and rely heavily on informal oral reporting to maintain control. (See p. 56.)

Consequently, Commission and bureau officials are not fully aware of the status of important Commission activities, find themselves reacting to, rather than anticipating, events, and are not sure what resources are being directed to the Commission's various programs and how effectively they are being used.

In summary, the Commission should establish an integrated management information system. (See p. 71.)

AN EFFECTIVE PROGRAM EVALUATION SYSTEM
IS NEEDED

Program evaluation provides feedback agencies need to evaluate their performance against goals and objectives. FCC has conducted few Commission-wide program evaluations and bureau efforts to date have been minimal. This has impaired the Commission's management and policy decisionmaking and reduced its ability to make needed program changes. It has also reduced the Congress ability to oversee Commission operations. (See p. 72.)

The Commission's Chairman should establish a system for evaluating the effects of programs carried out in the Commission. Placing responsibility for program evaluation under the control of a person with Commission-wide management responsibility will provide valuable feedback to be used in comprehensive planning and priority setting. (See p. 81.)

BUDGET PREPARATION AND ANALYSIS PROCESS
COULD BE IMPROVED

The budget process is another important tool in management planning and control. The goals and objectives in the budget should reflect the Commission's short-term plan of action. Management control is achieved by comparing actual performance to these goals and objectives.

FCC's management effectiveness would be increased by strengthening two important elements of the budget preparation and analysis process. First, performance measurement techniques such as work measurement, unit cost, and productivity indexes need to be developed to provide sufficient data to justify staff requirements in each program area. Second, the Commission-wide budget review and analysis process should be expanded to include an evaluation of the continuing need for existing resources in

each program area and an analysis to link prior plans directly to managers' actions.

The Commission's Chairman should include performance measurement methods in the Commission's budget process, and expand the process to include performance analysis and analysis of existing resource allocations. (See p. 89.)

NEED FOR GREATER ATTENTION TO PERSONNEL MANAGEMENT

A personnel management program contributes to the effectiveness with which an organization achieves its particular goals. Personnel management at the Commission, however, has not been characterized by the most effective and efficient use of its human resources.

This, in part, results from the absence of a work force planning program related to a comprehensive plan which would enable the agency to respond to changing technological demands and from not evaluating the effectiveness with which the agency uses professional staff, particularly attorneys and engineers.

Other factors contributing to weaknesses in personnel management are the absence of a formal assessment of training needs agency-wide and not evaluating the effectiveness of training efforts as well as a neglect of executive development and formation of management cadres to provide for the agency's present and future needs for qualified managers. Personnel management is also adversely affected by the delay in implementing an upward mobility program to enable lower level employees to realize their full work potential. (See p. 90.)

The Commission's Chairman should establish a work force planning program, initiate a formal manpower utilization program, implement an upward mobility program, assess training needs and evaluate periodically the Commission's training program, and institute an executive development program. (See p. 109.)

MANAGEMENT WEAKNESSES IN THE
AUTOMATIC DATA PROCESSING PROGRAM

Automatic data processing can provide the Commission with a useful tool for improving its operations, managing its resources, and analyzing regulatory issues which confront it. While the Commission's data automation program has made progress in recent years in terms of getting computerized systems in operation, management problems exist. These include a lack of direction, weaknesses in planning, and inadequate control and evaluation of data automation activities. (See p. 113.)

The Commission has recently established a steering committee to direct its data automation program. This is an important step in improving the program's management effectiveness.

To ensure that the committee will function effectively, the Commission's Chairman should place the committee under the direction of an official who has clear authority to direct Commission-wide activities.

In addition, the Chairman should develop goals and objectives for the data automation program for Commission approval, improve the data automation planning process, strengthen user involvement in the program, and increase the effectiveness of systems justification and review procedures. (See p. 121.)

CONTRACT POLICY RESEARCH PROGRAM PROVIDES
OPPORTUNITY TO IMPROVE MANAGEMENT EFFEC-
TIVENESS

The Commission currently conducts a research program in which it hires research entities to study communications policy issues. The manager of this program, the Office of Plans and Policy, recently evaluated the program and developed a series of recommendations to improve its management effectiveness. The Office plans to implement these recommendations as time and staff resources permit. (See p. 125.)

The Commission's Chairman should develop a specific timetable for implementing the Office's recommendations, develop objectives for the program which will serve as the basis for project selection, and direct the Office to manage all aspects of the program including the review, coordination, and evaluation of research contracts.

OBSERVATIONS ON DIRECTING, COMMUNICATING,
AND IMPROVING EMPLOYEE MORALE

Leadership, management style, and communication are among the most difficult factors to measure and evaluate in any organizational setting. There is general recognition, nevertheless, that these abstract and closely interrelated factors play a highly important role in management success and in organizational effectiveness. Accordingly, GAO has provided its observations on conditions existing within FCC related to these factors which may have impaired morale throughout the organization. (See p. 130.)

AGENCY COMMENTS

In discussing the report, Commission officials agreed that more attention was needed in achieving greater management effectiveness. FCC officials cited limited resources as the primary reason why more attention has not been given to improving the Commission's management and direction. They stated also that planning and program evaluation are a part of the Commission's inquiries, rulemakings, and contract work.

Although GAO agrees that planning and program evaluation efforts are elements contained in the Commission's inquiries, rulemakings, and contract work, these do not represent a coordinated, systematic approach for

--defining the organization's mission, setting goals and objectives, and developing priorities, or

--providing feedback to measure performance against its goals and objectives and re-defining those objectives and the priority for achieving them as necessary.

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ABBREVIATIONS

ADP	Automatic Data Processing
FCC	Federal Communications Commission
GAO	General Accounting Office
OPP	Office of Plans and Policy

CHAPTER 1

INTRODUCTION

Technological changes in the communications industry have prompted a critical reexamination of basic communications policy and regulatory methods contained in the Communications Act of 1934, the enabling legislation of the Federal Communications Commission (FCC). At present, three bills (H.R. 3333, S. 611, and S. 622) which would amend the Communications Act are pending before the Congress. Although these bills differ in major respects, each would set new communications policy goals and provide different regulatory tools.

The success or failure of the amendments will largely depend on the skill and efficiency of the responsible regulatory agency. As a result, on September 21, 1978, the Chairman of the Senate Subcommittee on Communications, Committee on Commerce, Science, and Transportation requested that we review the effectiveness of FCC's management.

In conducting this review, we examined the effectiveness of FCC's performance in the crucial management areas of

- organizing its functions (chs. 2 and 3),
- planning its activities and setting organizational objectives (ch. 4),
- controlling its activities to assure achievement of its objectives (chs. 5, 6, and 7) and,
- staffing the organization with employees having appropriate skills and training (ch. 8).

We examined the management effectiveness of two FCC-wide programs--the Data Automation Program and the Contractual Policy Research Program (chs. 9 and 10). We also examined and made observations on directing, communicating, and on improving morale at FCC (ch. 11).

This report contains numerous recommendations for improving FCC's management practices and will help the Congress in its deliberations on proposed revisions to the Communications Act.

FCC--PURPOSE AND ORGANIZATION

The Communications Act of 1934 created FCC

"* * * for the purpose of regulating interstate and foreign commerce in communication by wire and radio so as to make available, so far as possible, to all the people of the United States, a rapid, efficient, Nation-wide, and world-wide wire and radio communication service with adequate facilities at reasonable charges, for the purpose of the national defense, for the purpose of promoting safety of life and property through the use of wire and radio communication * * *."

The basic criteria set forth in the act to govern FCC regulation are the standards of "public interest, convenience, and necessity."

FCC is directed by seven Commissioners, appointed by the President and confirmed by the Senate for 7 year terms. The President designates one of the Commissioners as Chairman. The Chairman presides at Commission meetings, coordinates and organizes its work, and represents it in legislative matters and in relations with other Government organizations. For fiscal year 1979, FCC's appropriation was \$70,446,000 and its permanent positions totaled 2,231.

Under the Communications Act, FCC's regulatory authority is divided into three major categories: common carrier services, broadcast services, and nonbroadcast radio services. Common carrier services include telephone, telegraph, facsimile, data, telephoto, audio and video broadcast program transmission, satellite transmission, and other electronic communications services for hire. Broadcast services include AM and FM broadcast radio, television, pay television, supplemental services such as television translators, and experimental and developmental services. Nonbroadcast radio services include police, fire, public safety, State and local government, aviation, marine, industrial, and land transportation services as well as the amateur and citizens band radio services. In 1962 FCC also asserted jurisdiction over cable television.

To exercise its regulatory functions relating to these services, FCC has organized itself into five operating bureaus and seven offices. An organization chart of FCC is included as appendix I.

The operating bureaus have the following responsibilities:

- The Broadcast Bureau regulates AM, FM, and television broadcast stations and related facilities.
- The Cable Television Bureau administers and enforces cable television rules. It also licenses private microwave radio facilities used to relay television and other signals to the cable system.
- The Common Carrier Bureau regulates wire and radio communications common carriers, such as telephone, telegraph, and satellite companies.
- The Private Radio Bureau regulates all other radio stations engaged in safety, commercial, or personal communications.

Each of these bureaus develops and implements a regulatory program, processes applications for licenses or other filings, considers complaints, conducts investigations and takes part in FCC hearings.

The fifth bureau, the Field Operations Bureau, detects violations of radio regulations, monitors transmissions, inspects stations, examines and licenses radio operators, investigates complaints of radio frequency interference, and issues violation notices. It maintains field offices and monitoring stations throughout the United States.

FCC's four major offices perform a variety of staff and administrative functions:

- The Office of the Executive Director coordinates activities of all staff units. It is responsible for internal administrative matters, including personnel, budget planning, management systems, and data automation. The Executive Director reports directly to the Commission and works under the supervision of the Chairman.
- The Office of Plans and Policy (OPP) advises, assists, and makes recommendations to the Commission regarding the long-term effects of alternative FCC policies. It also coordinates all policy research and development activities, both within FCC and with other agencies. The Chief of the Office is responsible directly to the Commission and is supervised by the Chairman.

--The Office of Science and Technology--formerly the Office of Chief Engineer--advises and assists the Commission on advanced phases of communications techniques, frequency allocations and usage, and related scientific and technical matters. In addition, the Office plans and conducts FCC's technical, engineering, and scientific studies and programs aimed at improving telecommunications.

--The Office of General Counsel advises the Commission on legal matters involved in establishing and implementing policy. The General Counsel coordinates preparation of Commission legislative programs and represents FCC in the courts.

Other offices in FCC include the Office of Opinions and Review and the Office of Administrative Law Judges, which have responsibility for various aspects of the judicial functions performed by FCC. The Office of Public Affairs is responsible for informing the public of FCC decisions and regulatory requirements, furthering public participation in FCC's decisionmaking, and informing the public of Commission policies promoting equal employment opportunity and minority participation in all aspects of the communications industry.

SCOPE OF REVIEW

We conducted our review at FCC headquarters in Washington, D.C. We reviewed pertinent legislation, agency documents and reports, and interviewed current and former FCC officials, including FCC's Commissioners and Chairman. 1/ We also reviewed current literature on the organization of collegial bodies and management functions. FCC's Internal Review and Security Division in the Office of the Executive Director consists of one full-time internal auditor whose primary focus is on financial management and personnel and physical security. Our work in this review was, therefore, not related to the division's functions.

AGENCY COMMENTS

The report was discussed with FCC officials and their views have been incorporated into the report. The officials agreed that more attention should be given to achieving

1/This report reflects the personnel assignments at FCC as of May 31, 1979. While this report was being finalized, personnel changes took place in the Broadcast and Common Carrier Bureaus.

greater management effectiveness. FCC officials cited limited resources as the primary reason why more attention has not been given to improving the agency's management and direction. Other comments relating to planning and program evaluation are contained in chapters 4 and 7.

CHAPTER 2

ORGANIZING FOR EFFECTIVE MANAGEMENT

AND REGULATION

The performance of independent regulatory commissions, including that of FCC, has been widely discussed and criticized in recent years. Many critics believe that commissions are basically unsuited to the complex task of economic regulation and incapable of effectively carrying out the broad mandates which the Congress has assigned to them. It is also argued that multimember commissions cannot be managed effectively.

The basic thesis of this report is that there is substantial merit in the commission form of organization for regulating an area as complex and politically sensitive as that of domestic and international communications. We agree with those who believe that there is nothing inherent in the commission form which precludes its operating efficiently and effectively in the public interest. We believe that FCC's most persistent need--the need for improved management and direction of the agency--can be achieved by adopting the recommendations in this and succeeding chapters. Although some of the recommendations made here have been made before--recommendations concerning strengthening the administrative authority of FCC's Chairman and recommendations dealing with modifications in the size, composition, and structure of the collegial body--these recommendations have never been adopted or tested. We believe the implementation of these recommendations is long overdue and is a prerequisite to improvement in the organizational and management effectiveness of FCC and, thereby, its overall regulatory effectiveness.

RATIONALE FOR INDEPENDENT COLLEGIAL REGULATORY BODIES--PROS AND CONS OF THE COMMISSION FORM OF ORGANIZATION

Over the years, demands for Government intervention have extended to everwidening sectors of economic and social activity. The response of the Congress has frequently been the creation of multimember regulatory commissions with broad delegations of power. Collegial regulatory bodies have often been advocated and preferred over a department or agency headed by a single administrator because it has been and continues to be widely believed that group decisionmaking under conditions of relative independence is preferable to dominance "by a single will." The justifications for independence and collegiality in regulatory agencies basically relate to attributes which are felt to be important in

decisionmaking processes in the complex and controversial area of economic regulation. Enhancement of impartiality, continuity in policy, development of expertise, improved quality of decisionmaking through interchange of varied points of view are all considered to be advantages of the independent regulatory commission form of organization. The 1949 report of the First Hoover Commission's Committee on Independent Regulatory Commissions ^{1/} summed up the case for collective decisionmaking as follows:

"A distinctive attribute of commission action is that it requires concurrence by a majority of members of equal standing after full discussion and deliberation. At its best, each decision reflects the combined judgment of the group after critical analysis of the relevant facts and divergent views. This provides both a barrier to arbitrary or capricious action and a source of decisions based on different points of view and experience.

"This process has definite advantages where the problems are complex, where the relative weight of various factors affecting policy is not clear, and where the range of choice is wide. A single official can consult his staff but does not have to convince others to make his views or conclusions prevail. The member of the commission must expose his reasons and judgments to the critical scrutiny of his fellow members and must persuade them to his point of view. He must analyze and understand the views of his colleagues if only to refute them."

Independent regulatory commissions have not been without their critics, however. As long ago as the late 1880s, at hearings which led to creation of the Interstate Commerce

^{1/}The U.S. Commission on Organization of the Executive Branch of Government. "The Independent Regulatory Agencies: A Report With Recommendations" (Washington, D.C., 1949). Commonly referred to as the First Hoover Commission, this important and influential Commission conducted wide ranging studies of the organization and management of the executive branch. Its Task Force on Regulatory Commissions produced a series of monographs on the national independent regulatory commissions, analyzed the pros and cons of the commission form of organization, and concluded that the independent commission "has an essential place for certain types of government regulation."

Commission, many now familiar arguments were first advanced against a commission form of organization. For example, it was argued that through the exercise of its discretion a commission could soften the force of a regulatory statute, that appointments to the commission would be influenced by the regulated industry and the commission would come to represent special interests, and that the establishment of a commission would create delays and obstructions to effective regulation.

In more recent years, independent regulatory agencies, including FCC, have been criticized for weaknesses in areas related to internal organization and procedural matters--management of the organization. Such weaknesses include a failure to plan and develop long-range goals and objectives, a seeming reluctance to formulate coherent regulatory policies as guides to adjudications and rulemakings, a neglect of program review and evaluation of regulatory effectiveness and impact, and a tendency toward procrastination and delay.

FCC's performance with respect to long-range strategic planning and program evaluation are discussed in some detail in chapters 4 and 6, respectively, of this report. With respect to formulating coherent regulatory policies as general guides to adjudications and decisionmaking, FCC's problems have been widely discussed and well documented by others, including ourselves ^{1/} and FCC's own staff. In the area of broadcast regulation, a former FCC chairman told an audience of broadcasters that despite four decades of agency experience with the broadcast programs of the 1934 act:

"If I were to pose the question, what are the FCC's renewal policies controlling guidelines, everyone in this room would be on an equal footing. You couldn't tell me. I couldn't tell you and no one else in the Commission could do any better (least of all the long-suffering renewal staff)."

An official of OPP likewise acknowledged to us that in attempting to analyze and evaluate FCC's broadcast policies

^{1/}See the following reports: "Greater Coordination and a More Effective Policy Needed for International Telecommunications Facilities," (CED-78-87; Mar. 31, 1978); "The Role of Field Operations in the Federal Communications Commission's Regulatory Structure," (CED-78-151; Aug. 18, 1978); and "Selected FCC Regulatory Policies: Their Purpose and Consequences for Commercial Radio and TV," (CED-79-62; June 4, 1979).

he experienced difficulty because FCC had not explicitly articulated its goals for broadcast regulation and he was, as a result, often unsure of the criteria FCC was applying in regulating the industry.

With respect to procrastination and delay in FCC proceedings and decisionmaking, the Senate "Report on Federal Regulation" named FCC as one of four regulatory agencies for which "undue delay" was a major problem. Criticism of the slow pace of Commission decisionmaking has also come from FCC Commissioners. One Commissioner, referring to a protracted telephone rate case which ended inconclusively in 1977 after continuing for over 10 years and costing millions of dollars to involved parties, described the Commission's performance as "unconscionable" and "a terrible waste of time, money, and energy." He felt that "non-decisions" and delays such as this (in which the Commission ultimately concluded that it had insufficient evidence to decide whether the rate structure in question was unlawful or discriminatory) would occur repeatedly until the Commission exercised greater control and oversight of major cases. "The fact is," he commented, "unless the Commission pays attention to cases as they proceed, they will drift endlessly in a sea of regulation."

To a great extent, criticisms of commissions and of their performance simply represent different perspectives on those factors which commission advocates offer as the chief advantages of independent commissions. Thus, while proponents of the commission form have viewed it as a desirable bulwark against excessive centralization of power in the executive branch, others have decried the lack of coordination between commission regulation and major economic policies of executive departments and the fact that commission policies can work at cross purposes with national economic policies and goals. While some see in commissions the possibility of attaining and institutionalizing a high degree of expertness and mastery of technical detail, others see a negation of this possibility in the low caliber of many commission appointees and the high rate of turnover of commissioners. While some see impartiality advanced by dilution or preclusion of narrow political pressures through the commission arrangement, others find that commissions are invariably influenced excessively by the groups they regulate and are too easily molded into instruments to protect vested interests. While some see the independence of commissions as essential in an area as sensitive and controversial as Government regulation of private economic activity, others feel that the notion of independence is politically naive and unrealistic, with the control of business being too vital a political issue to be

relegated to a commission independent of close control by the policy formulating agencies of Government.

PRIOR EFFORTS TO DIAGNOSE AND CORRECT THE PROBLEMS OF INDEPENDENT REGULATORY COMMISSIONS

Many of the weaknesses of the commission form have long been recognized and measures have been taken or advocated to overcome such deficiencies as poor management, insufficient public participation in the decision process, low caliber of appointees, and lack of coordination with executive branch agencies.

Broad studies of regulatory commissions date back at least to the 1930s and have been conducted with some regularity up to the present. (See app. II for a selective summary of some of these studies.) At the same time, numerous evaluations and studies have been performed of specific regulatory agencies, such as FCC. One powerful argument which has been advanced in support of an independent commission form of organization for communications regulation relates to the sensitive constitutional (First Amendment/free speech) issues which are involved. Because FCC regulates important sources of public information, such as radio and television, even the appearance of undue influence over program content could raise serious constitutional questions and possibly undermine public confidence in its sources of information. For these reasons and because broadcast regulation is uniquely subjective in character, it has been felt, even by such otherwise staunch opponents of the commission form as the Ash Council, 1/ that regulatory decisions in this area should reflect the values and outlook of more than one individual and should not be entrusted to a single administrator with power to control the industry through licensing and programing decisions.

CLARIFYING AND STRENGTHENING THE CHAIRMAN'S ADMINISTRATIVE AUTHORITY

A multimember commission cannot effectively administer the day-to-day affairs of a regulatory agency. Activities of a staff bureaucracy are most effectively directed by a single supervisor. Moreover, administrative matters distract

1/The President's Advisory Council on Executive Organization. "A New Regulatory Framework: Report on Selected Independent Regulatory Agencies" (Washington, D.C., 1971). Chaired by Roy L. Ash and commonly referred to as the Ash Council. See appendix II for discussion of its conclusions and recommendations with respect to FCC.

commission members from policymaking and other substantive decisionmaking--the primary function of and principal justification for the collegial form of organization.

The First Hoover Commission pronounced collegial management of regulatory agencies a failure nearly 30 years ago and recommended that "all administrative responsibility be vested in the chairman of the commission." Various reorganizations, legislative enactments, and agency orders in the period since then have largely implemented the Hoover Commission's recommendation. In the case of FCC, however, the Chairman's legally specified administrative prerogatives are substantially weaker than at other commissions and will need to be clarified and strengthened to provide the administrative leadership needed if the overall effectiveness (management and regulatory) of the agency is to be improved.

In contrast to other independent commissions, FCC's Chairman, under the agency's organic statute, does not have general responsibility for agency personnel and is not formally empowered to select heads of major administrative units subject to Commission approval. The Chairman also has no power to delegate responsibilities or assign and transfer staff members. The full Commission has retained complete authority for those matters in accordance with the provisions of the Communications Act of 1934.

The language of the Communications Act as amended provides that the Chairman of FCC shall be designated by the President and shall be the chief executive officer of the Commission. It is his duty to preside at all Commission meetings and sessions; to represent the Commission in all matters relating to legislation and legislative reports; to represent the Commission in all matters requiring conferences or communications with other governmental officers, departments, or agencies; and generally to coordinate and organize the work of the Commission in such a manner as to promote prompt and efficient disposition of all matters within its jurisdiction.

Although the use of the phrase "chief executive officer" and other phrases, such as "generally to coordinate and organize the work of the Commission," are rather broad and vague and suggest at least the possibility of an expansive interpretation of the Chairman's authority, the Commission itself has circumscribed the administrative role of the Chairman through Administrative Order No. 11 promulgated in 1956, as amended. This order remains in effect as a very precise and detailed delineation of the relationship between the Chairman and his colleagues with respect to management of the Commission's internal affairs.

The order covers three major categories of action where the authority of the Chairman vis a vis the Commission is carefully spelled out. The first consists of "internal matters of a fairly routine character" where the Chairman may take final action, provided he informs the Commission periodically concerning the actions taken. Examples include assignment of office space, position classification through GS-15, individual personnel actions through GS-13, administrative manuals, and "minor and nonsubstantive changes in operating procedure."

The second category consists of matters which do not involve policy determinations but which are considered to be nonroutine in nature. In these cases, the Chairman may act, but he must specifically advise the Commission of each action taken. Examples include "work assignments to the staff of a substantial and unusual nature," establishment of personnel ceilings and staffing schedules, initiation of or changes in reporting systems and administrative analysis, minor organizational changes within an existing bureau or office, and major changes in procedure except those of a "substantive nature."

The third category consists of matters deemed to be "important" or of a "policy character." In this area the Chairman's role is limited to preparing proposals for Commission consideration. For matters originating in the staff, the Chairman is to serve essentially as a conduit to the Commission. Such matters are to be addressed to the collegial body through the Chairman, as one student of FCC has observed, "apparently to minimize his impact on them." Examples of matters which are considered to be "important" or of a "policy character" include budgetary requests; allotment of funds among purposes, bureaus and offices; formal personnel policies; extraordinary assignments of personnel (e.g. details outside the agency); major organizational changes within bureaus or offices; all changes affecting two or more bureaus or offices; procedural changes of a substantive nature; all involuntary personnel separations; and all actions affecting personnel at the GS-14 level or above.

A noted authority on independent regulatory commissions, writing nearly 20 years ago on the need for positive direction of regulatory agencies, outlined the proper role of a

commission chairman. 1/ He felt that a chairman must be able to effectively manage the mechanism over which he presides in order to minimize delays and unnecessary bureaucratic procedures. He must be able to obtain the respect of his colleagues and take the lead in forming policies that the commission should pursue. His powers should include the appointment of all personnel to the agency (he felt that commission assent could be required for appointment of the heads of prime bureaus and divisions), complete authority as to internal organization of the agency, and complete responsibility for its budget. He should also be the spokesman for the agency before the Congress, the President, and the executive departments. Such authority for the commission chairman, would

"* * * permit the centralization of responsibility for the operations of the agency in a manner whereby its operations can be far more easily evaluated by the Congress, the President and the public. Moreover, the position would then attach to itself a prestige equal to that of a Cabinet post, which it now plainly lacks."

The foundation for a "modern chairmanship" such as that called for above has yet to be laid at FCC, although it has been called for repeatedly over the years. We believe that formal redefinition of the Chairman's executive authority is necessary to improve FCC management and enhance its overall regulatory effectiveness. Just as in 1950 when the President proposed a reorganization of FCC aimed at transferring administrative responsibility for agency operation from the Commissioners to the Chairman, we believe that there is a need to

"* * * improve the organization, administration and operation of [FCC] by providing clear-cut

1/"Report on Regulatory Agencies to the President Elect" Subcommittee on Administrative Practice and Procedure to the Committee on the Judiciary, U.S. Senate, 86th Cong., 2nd Sess., pp. 37-38 (1960) commonly referred to as the Landis Report after its author. Dean James M. Landis was also the author in 1938 of an important academic work on regulatory commissions entitled "The Administrative Process."

channels of authority, by strengthening management, and by eliminating confusion identified with multi-level direction." 1/

Since it is the Commission which has limited the executive authority of the Chairman, it is arguable that the Commission could, through its own actions, enlarge and enhance the Chairman's role. This, in fact, has been the recommendation of at least three management consulting groups that have studied FCC's organization and management from the early 1950s through the early 1970s. This is an option and a course of action which we would encourage the Commission to take to improve FCC's management processes pending any congressional action to statutorily strengthen the Chairman's executive role. We are convinced, nonetheless, of the desirability of statutory amendments providing for a strong administrative role for the Chairman as a way of clearly focusing responsibility and authority for FCC operations and as a way of underlining the importance which the Congress attaches to effective management of the agency.

In view of the important management and leadership role played by the Chairman in the organizational scheme which we propose, the background, experience, and qualifications of individuals appointed by the President to this position should be subject to congressional review. Therefore, in addition to the present practice of appointing Commissioners by and with the advice and consent of the Senate, the designation of one Commissioner as Chairman should also be subject to Senate confirmation. This would permit Senate evaluation of a nominee's management and leadership qualifications in the not uncommon case where an incumbent Commissioner has been named by the President to fill a vacancy created by an outgoing Chairman.

REDUCING THE COMMISSION'S SIZE

The size of the collegial bodies governing independent regulatory agencies is largely a matter of historical accident, haphazardness, and inconsistency rather than the result of a well conceived theory of regulation. Among the major collegial bodies the number of commission members ranges from as few as 3, in the case of the former Civil Service Commission (and the new Merit System Protection Board), to as many

1/"Reorganization Plan No. 11 of 1950 Providing For the Reorganization of the Federal Communications Commission," Committee on Expenditures in the Executive Departments, U.S. Senate, 81st Cong., 2nd Sess., p. 3 (1950).

as 11 in the case of the Interstate Commerce Commission. The number of commissioners provided for FCC by the Communications Act is seven. The most common size and the one characteristic of more recently created commissions is five. Examples of five member collegial bodies include the Civil Aeronautics Board, the Federal Trade Commission, the Federal Energy Regulatory Commission (the former Federal Power Commission), the Commodity Futures Trading Commission, and the Nuclear Regulatory Commission.

Many who support the commission form of organization believe that some of the problems associated with it can be mitigated by keeping the number of members small. A 1977 congressional study of regulatory commissions 1/ reported the conclusions of management research to the effect that policymaking bodies of five members are preferable to both larger and smaller groups. The principal advantage over larger groups is speed of decisionmaking. Increasing the number of members will often be at the cost of increased time and difficulty in reaching consensus.

A former regulatory commission chairman testifying before a congressional committee on the subject of regulatory delay commented on the "frustrations of working with a large commission in arriving at a consensus on any policy issue," and recommended that to be manageable a commission must be limited in size. He felt that the seven members at FCC make it "much too large to be manageable." Similarly, several FCC Commissioners commented to us in the course of our review that the decisionmaking process at FCC seemed to proceed more easily and quickly during those periods when the Commission was not up to full numerical strength.

According to research cited by the Senate Study on Federal Regulation, a principal advantage of a five member commission over smaller bodies is its relative immunity to factionalism, interpersonal tensions, and deadlocks. In groups smaller than five interpersonal tensions are likely to disrupt smooth decisionmaking. The power of the majority over a minority is particularly marked when the minority is always a single person left isolated without the support of other group members. Moreover, groups of two and four invite

1/"Study on Federal Regulation," Vol. IV, "Delay in the Regulatory Process" Committee on Governmental Affairs, U.S. Senate, 95th Cong., 1st Sess., p. 115. (July 1977) commonly referred to as the Ribicoff Report, after the committee chairman.

deadlocks, resulting in higher incidence of disagreement and antagonism and a disinclination to compromise and analysis.

Improvement in agency management has been cited as another advantage of a commission smaller than FCC's present seven members. 1/ The shared sense of purpose of a relatively small commission makes the chairman's leadership job far easier. Attempting to remain responsive to the wishes of each faction of a large commission will quickly exceed the leadership capacity of even the most vigorous chairman. Historically, the members of the Interstate Commerce Commission and FCC, the two largest commissions, have shown the greatest tendency to interfere with effective management of the chairman by persistent involvement with the staff and involvement in administrative matters.

A third advantage of a smaller commission concerns cost savings. By reducing the number of commission members, significant savings could be realized in commissioner and staff salaries, in office space and equipment, and in such items, as travel and administrative support.

Proposals for reducing the size of the Commission governing FCC are not new. In 1971 an executive branch report 2/ called for reducing the number of FCC Commissioners from seven to five, commenting generally that "simply reducing the number of members of a collegial body would result in some improvement in agency performance." In 1974 this recommendation was seconded by a former FCC General Counsel in a paper entitled, "A Modest Proposal to Reform the Federal Communications Commission." 3/ Since 1976 a number of bills have been introduced in the Congress which would reduce the number of FCC commissioners from seven to five. To date, however, none of these bills has been enacted into law.

Although there may be no ideal size for a regulatory commission, we support the view of those who suggest that the effectiveness of FCC could be increased by reducing the number of commissioners from seven to five. Such a change would preserve the advantages of a collegial regulatory body and,

1/"Study on Federal Regulation," Vol. IV, op. cit., pp. 115-116.

2/Ash Council Report, op. cit., pp. 12, 118.

3/Henry Geller, "A Modest Proposal to Reform the Federal Communications Commission," The Rand Corp., Washington, D.C., (April 1974).

in addition, might reduce the tendency of either the President or the Congress to support a weak appointee only on the basis that he or she is merely one of seven. A smaller commission should make it easier to reach prompt decisions and consensus on policy matters and to avoid factionalism that renders the Chairman's leadership role difficult, if not impossible.

LENGTHENING TERMS OF COMMISSIONERS

Just as in the case of commission size, there is wide variance among independent regulatory commissions regarding the length of commissioners' terms. These statutorily prescribed terms run from 5 years in the case of the Securities and Exchange Commission, Commodity Futures Trading Commission, Nuclear Regulatory Commission, and several other regulatory agencies to 7 years in the case of the Consumer Product Safety Commission, Federal Trade Commission, and FCC to 14 years in the case of the Federal Reserve Board. Again, as with other aspects of commission organization, there seems to be little clear justification for these variances. They appear to be largely a result of precedent and of the peculiar sets of circumstances and influences surrounding the creation of the various collegial bodies.

The rationale behind appointing commissioners for fixed, staggered terms of 5 or more years would appear to be related primarily to the objective of fostering technical regulatory expertise, continuity, stability, and independence. If this is the case, then it would seem that the longer the term (up to a point) the greater the potential for realizing these attributes. The 1960 "Report on Regulatory Agencies to the President Elect" commented on this matter, relating length of term to the problem of attracting and retaining appointees of high caliber as well as to the improvement of internal management practices, such as long-range planning. Specifically, the report stated:

"Tenure is of importance. A term of five or seven years is too short. If the appointee is a lawyer or in business, conflict of interest laws require him to sever all his past connections. To give up a practice patiently accumulated over the years is not easy, for it may well become necessary to spend years again in re-establishing it. To eliminate oneself from a place in the ascending ladder of a business organization raises similar problems. Moreover, longer tenures would mean opportunities for longer-scale planning, freedom from worry as to reappointment, and generally the concept of devotion to a career rather than that of a

stepping stone to further political or professional advancement. Turnover would probably be reduced as is true of the members of the Federal Reserve Board whose tenures are 14 years. Expertise would have a better chance to develop and the sense of security would inculcate the spirit of independence."

A proposal to improve the management and regulatory processes of FCC through modifications to the appointments process was offered in 1974 by the then FCC General Counsel. He suggested that a 15 year term for FCC Commissioners, with no provision for reappointment and a 10 year bar on employment in the communications field following FCC service, would give FCC the benefits of true independence by eliminating reappointment or subsequent industry employment considerations as influences on commissioners. He argued that these changes would help make the position of FCC Commissioner attractive to individuals of high caliber interested in making a career of public service.

We agree that there are significant benefits to be obtained from increasing the length of Commissioners' terms, reducing commissioners' from a preoccupation with reappointment and/or subsequent industry employment. We feel increased terms will have a favorable impact on the development of a career concept of commission service, on the development of regulatory professionalism and accumulation of technical expertise, and on the fostering of real independence and integrity in the collegial decisionmaking process. It should particularly strengthen the willingness and ability of the Commission to engage in the type of long-range planning which has been lacking in the past. 1/ Increasing the length of Commissioners' terms should also serve to increase their interest in the effective administration of FCC and their support for establishing institutional arrangements more conducive to good management.

Considerations having to do with enhancing a career outlook among commissioners, with the probable range of ages and prior experience of appointees as well as their post FCC employment options and with the accumulation and institutionalization of expertise, lead us to favor a longer term with a temporary bar on post commission employment in the communications industry. Regarding the length of time in which Commissioners would be barred from taking employment in the

1/Chapter 4 discusses the subject of Commission planning in detail.

communications industry, a number of alternatives are available. Such a bar might be made permanent, but this does not seem necessary. Some commentators have suggested 10 years as an appropriate period for such a bar. As a practical matter, however, a shorter period would seem to be sufficient.

INCREASED EMPHASIS NEEDED ON ATTRACTING
MOST QUALIFIED INDIVIDUALS TO SERVE AS
COMMISSIONERS

A perennial theme in the discussion of independent regulatory commissions is the relationship between the effectiveness of the commission organization and the caliber and qualifications of the individuals who serve as commissioners. If independent regulatory commissions are to be truly independent, impartial, expert, and effective, it is argued, they must be guided by highly qualified individuals who are "dedicated to the public interest and to making the system work" and who bring to their positions a diversity of skills and experience pertinent to the regulatory responsibilities of the agency which they direct. An agency composed of individuals of this type would be effective, according to many who have studied these commissions, despite organizational deficiencies, possibly inconsistent duties, or the vagueness of the legislative standard. 1/ Put another way by the authors of the "Study on Federal Regulation":

"* * * no amount of improvements in organization, procedure, or substantive mandate of the agencies can overcome regulatory problems if inadequate appointments are made to these agencies in the first place. Conversely, first rate appointments to these agencies can go a long way towards overcoming procedural and administrative deficiencies that currently exist in many agencies." 2/

We believe that reducing the size of FCC from seven members to five and lengthening the term of FCC Commissioners will serve to make commission membership more attractive to highly qualified prospective candidates in that the individual commissioner's role in a smaller commission over a longer term will be perceived as being more meaningful and allowing

1/Henry Geller, "A Modest Proposal for Reform of the Federal Communications Commission," op. cit.

2/"Study on Federal Regulation," Vol. I, op. cit.

greater scope for creative contribution to the regulatory process.

Lengthening the terms of FCC Commissioners, providing adequate financial incentives, and placing restrictions on post commission employment should also promote continuity and development of commission expertise by fostering a career view of commission service as opposed to a "stepping stone"/ "revolving door" view which tends to undermine the effectiveness and integrity of the regulatory process.

Finally, an enhanced management role for FCC's Chairman should offer greater inducement to individuals of demonstrated leadership ability to accept this position. Many qualified individuals will decline the job of chairman because they do not believe they can accomplish much given the way FCC is constituted and oriented. On the theory that "good men are primarily attracted by the challenge inherent in a job," we believe that allowing an FCC Chairman greater scope for effective management and creative leadership of the agency and providing the Chairman with a salary commensurate with his greater responsibilities will go far toward making this position attractive to individuals of recognized talent and administrative ability.

Although perhaps not of paramount importance, the question of salary is an important consideration in any scheme to attract the most qualified individuals to accept Commission membership. The question of compensation takes on added importance in light of our proposal to lengthen the Commissioners' term.

FCC Commissioners should be compensated in relation to the importance of their positions and at levels high enough to enable them to meet reasonable standards of living comparable to their positions in society. This is particularly true since they are being asked to view service with FCC as a career rather than as a briefly occupied stepping stone to lucrative positions in the private sector.

We recognize that the present system of establishing and adjusting Federal executive salaries has not provided salaries commensurate with their responsibilities and have issued several reports recommending that this system be changed. In a May 17, 1979, report, "Annual Adjustment--The Key to Federal Executive Pay" (FPCD-79-31), for example, we recommended that annual salary adjustments, authorized by law, be permitted to take effect. We pointed out that low executive pay rates can contribute to morale problems and make it more difficult for agencies to advance employees

to levels of higher responsibility without corresponding increases in pay.

For the past several years agencies have experienced recruitment and retention problems for their top level positions, particularly during periods when pay for executive levels and supergrades was frozen. Managers had been reluctant to accept promotions to positions of higher responsibility not accompanied by higher pay. In addition, attractive salaries outside the Federal sector, more chances for advancement, and attractive Federal retirement annuities lured Federal executives to leave Federal service.

Not only is executive pay generally lower than pay in the private sector and infrequently adjusted, but in recent years no consistent pattern has existed in setting salary differentials between the different levels of the executive schedule. For example, in 1968 the intervals between succeeding executive levels ranged from 1.7 percent to 16.7 percent; in 1973, from 5.3 percent to 41.2 percent; and is now from 5.0 percent to 14.8 percent. While we do not offer recommendations on specific differentials within the executive schedule, we recognize a need for a consistent and coherent system for setting these intervals.

In this connection FCC's Chairman, receives only \$2,500 more than his colleagues, which does not seem proportional to his greater responsibilities and administrative burdens. This disproportion would be even greater if the Chairman's administrative role were to be increased along the lines we have suggested.

IMPROVED CONGRESSIONAL OVERSIGHT AND INVOLVEMENT IN THE REGULATORY PROCESS

One of the ways in which the Congress can influence the regulatory process and enhance the effectiveness of FCC operations is through a closer scrutiny and oversight of FCC operations. Developing a closer relationship between the Congress and FCC through more vigorous oversight activities, closer professional staff contacts, and greater congressional research and interest in the area of communications would benefit both FCC and the Congress. Such benefits would include increasing agency accountability, providing the agency with legislative guidance and a clearer understanding of congressional intent, and keeping the Congress better informed concerning activities and developments at FCC as well as in the area of communications generally. Some specific ways in which the Congress could help improve the regulatory process include: adopting a periodic budget authorization for FCC

and requiring specific types of reports and information from FCC in conjunction with regular oversight hearings.

Periodic reauthorization--sunset review

The Communications Act of 1934 grants FCC a permanent budget authorization--FCC is subject to a periodic review only by the House and Senate Appropriations Committees. In the nature of their functions and as a result of congressional rules these committees typically are more concerned about short-term fiscal matters than about examining the original basis for creating FCC, evaluating the success or failure of FCC policies and programs, or assessing the need to amend FCC's organic statute. By substituting a periodic authorization (a "sunset review") for FCC's present permanent authorization, the Congress would gain an important oversight tool. Those Members of Congress involved in FCC's authorization process would have an indepth exposure to FCC's work and be provided the opportunity to direct FCC's efforts in light of experience. Legislative attention would be focused on the underlying need for various FCC regulatory programs, and FCC program objectives would be examined in light of FCC performance.

The periodic expiration of FCC's authorization would provide the opportunity for indepth oversight on a systematic basis. It would oblige advocates of continued regulation to make an affirmative case for a statute authorizing continuation rather than permitting continuation merely as a result of inaction. Also, it would encourage FCC in anticipation of a reauthorization review, to evaluate its programs in terms of regulatory needs and objectives, to prepare legislative proposals for needed statutory changes, and to collect data required to measure its overall regulatory effectiveness.

The reauthorization process is thorough and timeconsuming for all participants. In order for it to be optimally useful and at the same time to prevent it from being unduly burdensome to the Congress and FCC, we believe such a review should be conducted every 10 years.

Requests for reports and information

Periodic reauthorization reviews cannot be a substitute for thorough budget reviews and continuing routine legislative oversight. By exercising its constitutional prerogative to request information on various aspects of FCC programs and operations, the Congress is in a position to (1) improve its understanding of FCC programs and their effectiveness, (2) monitor agency compliance with congressional directives and

intent, and (3) direct FCC to take such action as is needed to improve its regulatory effectiveness.

The Congress could, for example, require FCC to provide it with statements of FCC goals, objectives, and priorities as well as periodic reports evaluating progress in meeting these goals and objectives. 1/ Such a requirement would help focus Commission attention on the neglected area of long-range planning. The Congress could also require regular reports, the purpose of which would be to produce information on FCC management, personnel, studies, investigations and research, program evaluation, and status of important rulemakings which would facilitate closer congressional monitoring and systematic review of FCC's activities and accomplishments.

The Commission's annual report to the Congress, required by section 4(k) of the Communications Act of 1934, could also provide useful information and a means of monitoring FCC compliance with statutory provisions, industry compliance with FCC regulations (as well as FCC enforcement efforts aimed at securing such compliance), delays and backlogs in rulemaking and license processing, and FCC efforts to evaluate and improve its programs. The Commission has not submitted such a report to the Congress since its report for fiscal year 1976. 2/

IMPROVED PROVISIONS FOR PUBLIC PARTICIPATION IN FORMULATING REGULATORY POLICY

Increasing public participation in the regulatory process is a widely recognized need. Public participation would ensure that all affected interests are fairly represented in FCC proceedings, particularly in policymaking. It has long been charged that FCC is overly responsive to the wishes of the regulated industries and lacks mechanisms to provide sufficient "public representation to offset the assiduous attention paid by commercial interests" to Commission activities. FCC has itself recognized the need for greater public involvement in the regulatory process and has taken certain steps to provide the public with information on FCC decisions and regulatory requirements. FCC created

1/Chapter 4 discusses the need for congressional attention to FCC's planning process, including setting goals and objectives, establishing priorities among them, and evaluating progress made in achieving them.

2/FCC's fiscal year 1977 report is expected to be released in July 1979. Its 1978 report is being prepared.

the Office of Public Affairs in February 1979 for this purpose.

One device which may offer the potential for more effective public participation in FCC proceedings is an Office of Public Counsel. Such an office would represent the public in FCC proceedings. It would develop the expertise, continuity, and specialized skills needed in considering the technical and economic issues which are often involved in FCC proceedings. Although the specific provisions of the public counsel's charter could vary widely, at a minimum it should provide decisionmaking independence from FCC, access to legally available information within FCC, standing in all proceedings at FCC and, perhaps, authority to seek judicial review.

An alternative to a public counsel may be direct funding for public groups to participate in FCC proceedings on a wide range of policy matters. These might include policy rule-makings, ratemaking, and licensing. Funding would be provided to compensate for attorneys fees, expert witness fees, and other costs of participation in FCC proceedings to any person or group who represents an interest which would not otherwise be adequately represented, whose representation is important to a fair determination of the matter at hand, and which would otherwise be unable to participate because of an inability to pay the costs involved.

Public groups have difficulties in financing their participation, partly because of the cost of raising funds from a large number of donors and partly because some potential contributors will withhold their support in the hope that others will bear the cost. Typically their resources are far exceeded by the regulated industries. Funding is presently provided to public groups participating in the Federal Trade Commission proceedings and is supported by FCC's Chairman, at least in the case of FCC policy rulemaking proceedings.

SIZE OF PERSONAL STAFF AVAILABLE TO
COMMISSIONERS SHOULD BE INCREASED

Advocacy of the collegial form for regulatory decision-making is partly predicated on the assumption that individual commission members will have or have access to the experience, understanding, and analytical ability needed to enable them to reach informed, independent judgments on the diverse and often complex issues which come before them. One means of providing this is through a personal staff of advisers and assistants. The Communications Act of 1934 entitles each FCC Commissioner to appoint a personal staff consisting of a

legal assistant, an engineering assistant, and a secretary. 1/ It is frequently argued that this number is insufficient to provide the Commissioners with the basic skills and knowledge which they need to be able to render truly independent decisions on matters in such complex areas as common carrier regulation, broadcasting, cable TV, private and public mobile radio, and aviation and marine radio. FCC Commissioners complain that without sufficient personal staff to permit them to thoroughly evaluate, critique, and, when necessary, challenge recommendations developed by FCC staff they are in effect "captives" of the staff and end up often rubber stamping decisions made by the bureaus and offices under the Chairman's leadership.

To enhance the independent decisionmaking capability of the Commission members the size of the personal staffs should be increased. Increasing the appointed staff allowance from two professional assistants to four and increasing the number of secretarial positions correspondingly, should enable each Commission member to make a more substantive and effective contribution to the collegial decision process and contribute the diversity of experience, viewpoints, and perspectives which are considered to be one of the primary benefits of collegial decisionmaking. Such an increase would enable commissioners to add to their staff economists, communications experts, and other categories of professionals whose specialties are needed in evaluating the complicated communications issues which come before the Commission.

Rather than specifying the exact composition of Commissioners' staffs, it would seem preferable to provide for a specific number of professional and secretarial staff positions. This approach would permit each Commissioner to select as assistants individuals whose knowledge and background complement his or her own professional experiences and skills.

CONCLUSIONS

Although the commission form of organization for regulating private economic activity has frequently been

1/Sec. 4(f)(2) of the 1934 Act provides that each Commissioner may appoint, without regard to the civil service laws, a legal assistant, an engineering assistant, and a secretary, each of whom shall perform such duties as such Commissioner shall direct. It is this type of personal, noncompetitive appointment with which we are concerned here.

criticized over the years, it has not been conclusively demonstrated that there is anything inherent in the commission form which precludes it from operating effectively in the public interest. At its best, the independent multi-member commission provides important advantages and safeguards in the formulation of regulatory policy. These include enhancement of impartiality, continuity in policy, development of expertise, and improved quality of decisionmaking through interchange of varied and divergent viewpoints. In regulating communications activity, the sensitive constitutional issues involved constitute a particularly strong argument for group decisionmaking under conditions of relative independence rather than decisionmaking dominated by the will of a single agency administrator.

Many of the criticisms of independent regulatory agencies, including FCC, relate to weaknesses in areas which are related to internal organization and procedural matters--management of the organization. Such weaknesses include a failure to plan and develop long-range goals and objectives, a reluctance to formulate coherent regulatory policies as a guide to adjudications and rulemaking, a neglect of program review and evaluation of regulatory effectiveness and impact, and a tendency to procrastinate and delay. We believe that through strengthening the administrative authority of FCC's Chairman--making him the administrative head of FCC--and by modifying the size, composition, and structure of the multi-member Commission with a view toward encouraging a career view of Commission service, it should be possible to substantially improve FCC's management effectiveness and enhance the Commission's decisionmaking ability. Providing compensation commensurate with the importance and prestige of the Commissioner's position and befitting a career service should serve to make Commission service more attractive to highly qualified individuals and, at the same time, militate against the revolving door syndrome.

Increasing the size of personal staffs available to Commissioners should enhance their ability to make independent contributions in policy formulation and, thereby, strengthen one of the principal justifications for collegial decisionmaking in the regulatory area. Providing for periodic sunset reviews, closer continuing congressional oversight of FCC programs and management, and increased public participation in FCC decisionmaking should improve accountability, focus greater attention on FCC performance and regulatory impact, and provide for more effective representation of public interest in FCC proceedings.

RECOMMENDATIONS TO THE CONGRESS

We recommend that the Congress amend the Communications Act of 1934 to:

- Make the Chairman, FCC, the administrative head of the agency. Authority should be transferred from the Commission to the Chairman to assign FCC personnel, exclusive of Commission members and their personal staffs. The Chairman should be given full executive authority for FCC, including the power to select the heads of major administrative units (subject to Commission approval), to delegate responsibilities, to assign and transfer staff members, and to make management policy determinations, including determinations as to the Commission's internal organization.
- Reduce the number of FCC Commissioners from seven to five.
- Provide for Senate confirmation of the designation by the President of one Commissioner as Chairman of the Commission.
- Lengthen the term of FCC Commissioners and provide for a restriction on the type of employment and activities in which Commissioners may engage after completing their service.
- Provide for a periodic rather than a permanent budget authorization for FCC. The process of periodic reauthorization should involve a thorough "sunset" review of FCC, its regulatory mandate, and the effectiveness of its major program activities and operations. Such reviews should be performed every 10 years.
- Increase the number of professional assistants available to each Commissioner from two to four and the number of secretarial assistants from one to two.
- Increase the opportunities for effective representation of the public interest in FCC proceedings by providing for an Office of Public Counsel or for direct public funding for public groups to participate in specified categories of FCC proceedings, particularly rulemaking and tariff-making proceedings.

The proposed Communications Act of 1979 (H.R. 3333) contains several provisions for restructuring FCC which are similar to those we recommended.

CHAPTER 3

NEED FOR MORE EFFECTIVE MANAGEMENT CONTROL

While strengthening the authority of FCC's Chairman is essential to substantially improve FCC management, it is only one of several steps that need to be taken. Subsequent chapters of this report will deal with the need for improvements in such areas as comprehensive planning, management information systems, budgeting, program evaluation, and personnel management.

Such improvements cannot be achieved without certain organizational changes which will strengthen arrangements and procedures for coordination and management control at all organizational levels within the Commission. This means, in effect, improvements in organizational arrangements for management at the Commission-wide level, and at the bureau/office level. It also means ensuring that all managers are provided with authority commensurate with their stated responsibilities and ensuring that management positions are filled by individuals who possess the requisite administrative skills, training, and experience.

EXPLICIT STATUTORY PROVISION FOR POSITION OF MANAGING DIRECTOR

A commission chairman, like the chief executive of any large organization, ordinarily needs a deputy to direct and oversee staff operations on a day-to-day basis while he concentrates on substantive policy and dealings with other commission members, the Congress, the White House, and other interested groups. In a noncollegial agency this need is met by the deputy administrator working under the close supervision of the chief administrative officer. In many regulatory commissions the job of staff direction is often not performed at all, or very inadequately, with predictable results in the form of delays, lack of planning, problems of coordination, and weak management. 1/ These problems exist in FCC.

Need for Managing Director long recognized

The first Hoover Commission which 30 years ago identified the need for an enhanced management role for commission chairmen also discussed the need for a senior staff official, an

1/"Study on Federal Regulation," Vol. IV, op. cit., p. 121.

executive or managing director, who would relieve the chairman of routine administration, but would work under his direction. In the view of the Hoover Commission, the chairman should not himself conduct the administrative supervision of the bureaus and divisions, but should entrust this responsibility to the executive or managing director who would be responsible for scheduling staff work to implement agency goals and priorities and for supervising bureau directors on a day-to-day basis to ensure that these schedules are met. "In his relations with the staff," explained the Commission's report, the executive director's "authority should rest on the fact that he speaks for the Chairman."

In the years since the Hoover Commission report was issued, most commissions have established executive or managing directors, but in many cases have not provided the position with the broad delegations of power necessary to meet the management role envisioned by the Hoover Commission and appropriate to the role of the chief operating official. This is the case at FCC, where the Executive Director has no authority to direct staff activities and the position is weak organizationally.

In carrying out his responsibilities "to provide sustained administrative leadership and coordination of staff activities," FCC's Executive Director is authorized to exercise "overall supervision and coordination, but not control, of such activities" [emphasis provided]. Thus, the opportunities for the Executive Director to provide administrative leadership, innovation, coordination and continuity are severely limited by the nature of the position's authority delegated by the Commission.

With no line authority over the operating bureaus and major offices, the Executive Director is in no position to require adoption of more effective management practices and procedures or to require more productive and efficient use of resources. Moreover, the Executive Director of FCC is "directly responsible to the Commission," not the Chairman, although he works under the "supervision" of the Chairman, helping to carry out delegated executive and administrative functions.

These limitations on the powers of FCC's Executive Director and the resulting diffusion of management authority were criticized in a 1972 management evaluation of FCC. 1/

1/"Diagnostic Management Review of the Federal Communications Commission," Executive Office of the President, Office of Management and Budget, July 1972.

The evaluation report commented that "the Executive Director does not function as the chief operating officer of the Commission. No one does." Rather, the Executive Director has responsibility for various miscellaneous functions which the study found to be largely of a housekeeping nature.

Despite these limitations, however, no other clearly identifiable central locus of management authority and responsibility exists in FCC. The 1972 management evaluation report recommended that the Commission establish a position of "General Manager" with the delegated authority required to implement the Chairman's management policy by directing and coordinating the work of the staff. This was not done, and the management situation we found during our review is essentially unchanged from that described 7 years earlier. One bureau official familiar with the responsibilities of the Office of the Executive Director commented that "the Executive Director has no real authority and is looked upon as a high level janitor with primarily housekeeping functions."

In conversations with FCC officials, we were told that there had been little support within the Commission for the 1972 recommendations for strengthening FCC central management because the recommendations and, in fact, the entire "diagnostic management review" had been interpreted as the then Executive Director's effort to enlarge his status and authority. Inaction on the recommendations was also attributed to the objections of bureau chiefs to a strong executive director who would act as a barrier between themselves and the Commission, limiting their access and threatening their largely autonomous status. The 1972 study characterized FCC's operating bureaus and large offices, as others have before and since, as independent "dukedom" whose heads "often behave with the independence of dukes"--a situation which the report said can lead to chaos where there is no king.

We found that FCC's operating bureaus and offices and divisions within the bureaus and offices tend to function largely independently of one another with a minimum of contact, coordination, and communication and a preoccupation with their own concerns rather than with the effective accomplishment of the overall FCC mission. However, this very independence and interest in protecting established "turf" and even expanding it is a strong argument for a central locus of management authority, a staff director who can help the Chairman impose management control and who has power to allocate resources with a Commission-wide point of view.

The Commission could take interim action on its own, in conjunction with measures to enhance the executive role of

the Chairman, to strengthen the management role and authority of the Executive Director, making him, in effect, the General Manager/Managing Director of FCC. Such action has been repeatedly recommended by management consulting groups. However, to emphasize the importance of a strong managing director in improving the overall management of FCC, we believe that the Congress should explicitly provide for such a position and empower the Chairman, as chief administrative officer, to delegate to this individual responsibility for the day-to-day management of FCC under the Chairman's supervision and direction.

There is precedent for such a provision in the organic statute of other agencies, for example, that of the Commodity Futures Trading Commission (Public Law 93-463, 88 Stat. 1389) and of the Consumer Product Safety Commission (15 U.S.C. Sec. 2053 (g)). Moreover, such a legislative provision, like the one proposed for the Chairmanship of FCC, would underscore the importance the Congress attaches to institutional arrangements for effective management of FCC. The individual selected by the Chairman for the position of Managing Director should possess demonstrated administrative ability and experience.

NEED FOR IMPROVED MANAGEMENT
AT BUREAU AND OFFICE LEVEL

As is the case with FCC's Chairman, most bureau and office chiefs at FCC find themselves unable to devote the close attention required to ensure effective management. These officials need to provide for alternative organizational arrangements to ensure that important management functions are not neglected. This is particularly true because the Commission has traditionally looked to the heads of operating bureaus and major offices for expertise, counsel, and leadership in the formulation of substantive policy. This expert adviser role of the bureau and office heads continues to be emphasized under the present Chairman and Commission.

Adding to the need for alternate institutional arrangements to provide effective management is the fact that bureau and office heads are typically selected on the basis of their experience and performance in a technical or substantive policy area, rather than on the basis of administrative experience or demonstrated competence as managers. Although this is perhaps understandable, given the complexity and diversity of the regulatory issues with which they must deal and given the predilection of Commissioners and the Chairman to look to these individuals for expert advice on regulatory matters, it merely underscores the need to provide an alternate mechanism

for ensuring effective management of FCC's operating bureaus and offices. It is significant in this regard that FCC officials frequently attributed the management weaknesses and organizational problems of several FCC operating bureaus and offices to deficiencies in management ability and experience on the part of the bureau/office heads, both past and present.

As discussed in subsequent chapters, we found, as have previous management reviews of FCC, a number of management deficiencies at the bureau and office level in such important management functions as comprehensive planning, budgeting, program evaluation, management information systems for accountability and control, and personnel management. We also found a lack of coordination and communication between bureau and division chiefs and among division chiefs and, in general, an absence of firm, unified, and effective direction.

In an effort to overcome some of these problems and to provide better management at the bureau level, the position of Assistant Bureau Chief for Management was established by Commission directive in 1965. This measure, however, has largely failed to overcome the management problems noted above because the incumbents have not been given the authority needed to provide the firm, centralized management direction required and because the incumbents have frequently not been effective managers in their own right. As a result, the responsibilities of this position have become focused on routine housekeeping functions, and management of the bureau/office workloads continues to be characterized by informality and lax procedures.

Need for strong management
focus at bureau level

Just as FCC bureaus and offices have frequently been described as independent dukedoms because of their autonomous nature and parochial attitudes, so too have divisions within bureaus and offices been described--with some justification--as "fiefdoms," operating largely autonomously, with a minimum of coordination and communication among them and a minimum of centralized direction and control. As is the case at the overall Commission level, no authoritative functioning management mechanism exists at the bureau/office level to ensure that such important functions as planning, coordination, and program review and evaluation are carried out or to compel uniformity and consistency in such matters as personnel management, preparing budget requests and justifications, and managing division workloads. As a result, personnel work measurement standards have not been prepared, no means exist to evaluate employee productivity or accomplishment, and no effective mechanism exists to ensure that resources are

allocated with a bureau/office-wide point of view and, by extension, a Commission-wide point of view.

To overcome these management weaknesses and to provide the centralized direction and oversight which are required for effective management at the bureau/office level, we believe a position of Deputy Director for Management staffed with individuals with strong administrative backgrounds and demonstrated executive ability is needed. These individuals would work closely with and report directly to the bureau/office head and would serve as the arm of the bureau/office chief in carrying out management policy and in managing the organizational unit on a day-to-day basis. The Deputy Director for Management would embody experience and skills which would complement those of the bureau/office chief and would serve as the principal link between the bureau/office level and, through the Managing Director, the Commission level in the coordinated effort to strengthen management processes and improve FCC's overall efficiency and effectiveness.

Organizationally, the Deputy Director would be much closer to the bureau/office head than the present Assistant Bureau Chiefs for Management. He should have an organizational relationship to the bureau/office director analogous to that of the Managing Director to the Chairman, i.e., he would speak authoritatively on the bureau/office chief's behalf in management matters and would be entrusted with responsibility for the day-to-day administration of the organizational unit under his general direction.

In our opinion, such a position is needed in all of the operating bureaus of the Commission as well as in the Office of Science and Technology. The appropriateness of the position for offices having purely staff functions (e.g. Office of General Counsel, Office of Plans and Policy, Office of Public Affairs) would need to be evaluated on a case-by-case basis and would be determined by, among other things, the size of the office, the span of control of office heads, and the diversity and complexity of the office's functional responsibilities.

NEED FOR IMPROVED MANAGEMENT AT THE DIVISION AND BRANCH LEVEL

The weaknesses in management organization at the Commission level and at the bureau/office level are also seen at the division and branch level of FCC. For the most part, the inadequate attention given to sound management practices and procedures at these levels results from similar causes, namely a disinterest in management; a lack of training in

management principles, practices, and requirements; and a preoccupation with and preference for involvement in the substantive task work of the unit rather than in managing (planning, organizing, directing, and controlling) the unit's personnel and workload. The consequences, likewise, are similar. Informal, ill-defined, and lax management procedures at the sub-bureau/office level result in inadequate supervision, control, and accountability. Lack of firm managerial direction and coordination frequently result in a lack of organizational efficiency, identity, and cohesiveness. Failure to plan, review, and evaluate activities and programs reinforces a pattern of doing work on an ad hoc case-by-case basis.

The need in the case of division and branch management is not so much structural, that is, altered organizational arrangement, as it is one of selecting the right people for management positions. Managers need to devote more time to management and less time to "hands on" participation in the work process. Better training and preparation of managers is needed so that they will appreciate the importance of good management practices and better understand how to manage effectively.

Division branch managers and supervisors as "senior doers"

A preoccupation with and preference for involvement in the substantive work of FCC, as opposed to administration, is seen at the division chief, branch chief, and first line supervisor level, just as it is at the bureau chief and Commission level. The explanation for this lies partly in the fact that substantive matters are perceived as being inherently more interesting than administrative matters. Also important is the fact that individuals are generally promoted to division/branch managerial and supervisory positions on the basis of their performance as technicians and substantive experts rather than on the basis of interest in or demonstrated talent for administration. It is not surprising, therefore, that in their new managerial positions they often exhibit a reluctance to detach themselves from involvement in the work process and to move from the role of participant to that of supervisor/manager.

This excessive involvement of managers and supervisors in the work process, and the resulting neglect of management functions and supervisory responsibilities has been noted repeatedly by outside management consultants, by personnel specialists within FCC and by us in the course of our review. Personnel management evaluations performed in recent years have cited numerous instances of failure on the part

of division and branch chiefs to attend properly to their management and supervisory responsibilities. For example, in one study of FCC's Office of Chief Engineer done in late 1978 it was found that many supervisors/managers were so concerned with and absorbed by the task work of their respective organizations that they crowded their supervisory responsibilities into a smaller and smaller timeframe. Only 20 percent of the supervisors and managers of the Office were felt to be more stimulated by the task of leadership than by the technical demands of the work process. Fully 80 percent were found to prefer functioning as senior engineers rather than as managers. The evaluation report concluded that:

"Division chiefs acting as editors, branch chiefs short circuiting the normal delegation of work flow by withholding the most interesting assignments to themselves, managers tinkering with pet assignments all are distortive to the organizational purpose."

Similar findings and conclusions have been made from personnel management evaluations of the Broadcast Bureau and the Safety and Special Radio Services Bureau (now Private Radio Bureau). In the case of the Broadcast Bureau, for example, it was found that most supervisors, who might have been expected to perform such functions as planning, scheduling and coordinating work operations; assigning and reviewing work of subordinates; and evaluating work performance were, in fact, spending most of their time performing the actual work of their units. Likewise, Broadcast Bureau managers (division chiefs and chiefs of larger branches) who might have been expected to perform such management functions as long-range planning, evaluating and adjusting the work flow, establishing control measures to monitor organizational effectiveness, coordinating and reviewing delegations of authority, were found to be neglecting their management responsibilities. Such a pattern, it was concluded, has "devastating results," including supervisory tasks left undone and management functions remaining unaccomplished.

All of this suggests that the situation is little changed from that portrayed by a management review of FCC nearly 7 years ago. ^{1/} At that time it was noted that FCC supervisors were more often master craftsmen or master professionals than managers, that many supervisors showed a lack of interest in

^{1/}"Diagnostic Management Review of the Federal Communications Commission," op. cit., pp. III-2 - III-9.

or motivation to manage, with some exhibiting a disdain for management functions and those who exercise them. The evaluation report observed that:

"All of this runs counter to the principle that supervision implies the effective exercise of such management skills as planning, review and evaluation. Moreover, higher level supervision implies more and more management and less and less direct hands on doing of the substantive task work of the unit."

The report concluded that with managers in the various bureaus and divisions engrossed in detailed day-to-day operations, as "senior doers" or "detailed reviewers," no time exists for effective management.

Need to better prepare individuals for assumption of management responsibilities

A major factor accounting for the weaknesses in management at FCC's division and branch level is the lack of adequate preparation of managers for assuming and executing management responsibilities. As noted, individuals are typically promoted to division/branch managerial positions on the basis of their performance as technicians and substantive experts rather than on the basis of interest in, knowledge of, or demonstrated talent for management. As a result, these individuals assume their new positions largely unprepared to exercise the functions of managers. Typically, FCC managers are provided with training in supervision and management only after they have been placed in management positions, and the nature and extent of this elementary in-house training is not sufficient to impart a knowledge and understanding of management responsibilities, functions, and techniques which they will need to perform their managerial duties effectively. Moreover, studies by FCC's Division of Personnel have shown that a number of division/branch managers have not completed even the minimal 80 hours of management training recommended by the Office of Personnel Management or have taken this training so long ago that they are in need of refresher courses to introduce them to up-to-date management concepts and methods.

Lacking prior administrative experience of a progressively more responsible nature such as might be provided by an executive development program as well as knowledge and understanding of important management concepts, it is not surprising that we found division/branch managers often neglecting their management duties and preferring to involve themselves actively in the day-to-day work of their

organizational units. One FCC bureau official with a background in management told us that one of the principal management problems of FCC is that it

"* * * has had too many people in management positions who are specialists and nuts and bolts people and who have advanced through the ranks to management positions largely on the basis of their specialist performance and nuts and bolts knowledge, not necessarily on management aptitude and administrative skills."

This same official observed that an FCC-wide management problem is the failure to focus on executive development before an individual becomes an executive. "The system selects as managers people who are good technicians * * * but who may not have any ability and/or training as managers." 1/

COORDINATED ACTION IS NOT
PROVIDED BY EXISTING ORGANIZATION

Due to the lack of firm, centralized management authority and direction at appropriate levels, a situation has arisen in which component units frequently view themselves and function as autonomous entities rather than as coordinated, integral parts of the whole. This has resulted in a lack of organizational identity and cohesiveness, a tendency on the part of employees to think of themselves as members of a particular bureau, office, or division rather than as part of the larger organization. It has also reduced FCC's ability to develop and achieve broad organizational goals and objectives and to efficiently and effectively manage its resources in pursuit of these goals and objectives.

In an effort to overcome some of the problems posed by this loose organizational structure, FCC has resorted to various coordinating devices, such as Steering Committees, Advisory Councils, Task Forces, designated liaison officials, and similar ad hoc coordinating mechanisms. This effort to overcome basic management deficiencies and to substitute strong, effective central direction with management by groups

1/The need for an executive development program that can identify individuals with an interest in and aptitude for administration and provide these individuals with broad exposure to FCC activities as well as progressively more responsible management experience is discussed in chapter 10.

has only been partially successful, however, and has tended to obscure the need for basic changes in FCC organization and management.

Coordination problems

FCC officials pointed out a number of coordination problems involving the Commission's bureaus and offices. Two specific areas in which such problems have occurred--the data automation program and the contract research program--are discussed in chapters 9 and 10. More generally, however, officials noted problems in coordinating agenda items which come before the Commission and in evaluating the resource impact of such items.

Several top FCC officials told us that problems have occurred in making sure that issues coming before the Commission are coordinated among FCC's bureaus and offices beforehand. One Commissioner we spoke with called this "a persistent problem"--one which he had raised in Commission meetings at least 10 or 20 times. While he was unsure of the problem's cause, he felt it was due partly to the fact that bureaus tend to act independently. Another top FCC official believed that bureaus, at times, deliberately avoided coordinating items coming before the Commission to keep their views from being challenged.

We were also told that problems exist in determining the resource impact which Commission actions will have on FCC's bureaus and offices. While FCC has established a procedure to assess this impact, a cognizant official told us that it functions at only "a minimally acceptable level." Bureaus, he told us, never mention any decreases in resources which Commission actions will bring about and estimates of increases are often ill-conceived. To correct the problems relating to coordination of agenda items and their resource impact, he believed that the roles of the bureaus' Assistant Chiefs for Management should be strengthened to make them responsible for coordination and resource allocation. Bureau chiefs, he added, would, of course, remain ultimately accountable for the management of their organizational units.

Efforts to correct coordination problems achieve limited success

To improve coordination among its organizational units, FCC has at various times relied on a common management technique--the establishment of committees. The success of these committees has, however, been limited.

In 1972 FCC established an Executive Advisory Council, composed of the head of each principal staff unit in FCC, to provide a forum for the interchange of information and discussion of areas of common concern. The Council was to coordinate Commission programs and activities, analyze problems and issues of concern to Council members, and develop recommendations for action by the Chairman and the Commission. A 1972 management evaluation of FCC 1/ called the Council "a valuable organizational innovation and improvement in that it represents a new channel of communication among highly autonomous individuals." It added that the Council represented "a useful approach toward establishing much needed administrative coordination."

While the 1977 Code of Federal Regulations still listed the Executive Advisory Council as an organizational entity, we were told that it was in fact discontinued about 5 years ago. Some officials we spoke with regarding the Council felt that it had been useful in that it provided a forum for exchanging views on various problems within the Commission. However, we were told that the Council failed to receive support from the top and was perceived as being a threat to bureau and office autonomy. As a result, it was discontinued.

While FCC has made no further attempts to establish a committee to comprehensively coordinate the efforts of its bureaus and offices, it has established committees to deal with specific coordination problems. For example, in October 1978 FCC established a committee of field operations liaison officers to correct problems cited in one of our recent reports dealing with the role of field operations in FCC's regulatory structure. 2/ That report noted, among other things, that no coordinated or systematic method existed among the Field Operations Bureau and FCC's other bureaus to determine priorities for enforcement action.

The field operations liaison officers--who are to be senior managers representing each of FCC's operating bureaus, OPP, Office of Science and Technology, and Office of the Executive Director--are responsible for evaluating and coordinating with the Field Operations Bureau FCC's field

1/"Diagnostic Management Review of the Federal Communications Commission," op. cit., p. II-5.

2/"The Role of Field Operations in the Federal Communications Commission's Regulatory Structure," (CED-78-151; Aug. 18, 1978).

requirements. This committee was patterned after FCC's system for coordinating its data automation activities (the Data Automation Panel is discussed in ch. 9).

While it is too early to determine how effective the new committee will be, it should be noted that the Data Automation Panel never carried out many of its most important functions. While the panel served as a forum for the exchange of information among automatic data processing users, it lacked the ability to effectively determine data processing priorities, allocate resources, and review program performance. This failure, like similar failures in the past, was due to the lack of top management direction and involvement and the lack of authority of the panel to require that its suggestions and recommendations be adopted.

CONCLUSIONS

Present organizational arrangements for management of Commission activities, particularly the Commission's Executive Director's lack of authority to effectively supervise, coordinate, and control the activities of major organizational units, have resulted in FCC bureaus and major offices operating largely independently of one another and frequently failing to coordinate their efforts to efficiently and effectively carry out FCC's mission. This lack of central management authority also hampers efforts to strengthen, improve and harmonize management processes throughout the agency. At the same time, management weaknesses at the bureau/office level and at the division and branch level cause similar problems of control and coordination and a neglect of such important management functions as planning, program review, budgeting, measurement of productivity, evaluation of performance, and personnel management.

Without a strong, central locus of management authority--one possessing a comprehensive view of FCC's mission; able to allocate, direct, and control resources with an overall FCC perspective; and capable of coordinating the activities of constituent organizational units--it is difficult to see how FCC will be able to improve its overall management effectiveness or its regulatory effectiveness. We believe significant improvements in comprehensive planning, budgeting, program evaluation, management information and control systems and other management functions discussed in succeeding chapters of this report will depend on the existence of a strong, centralized management authority at the Commission level, complemented by strong management capability at the bureau/office level. This authority must be able to continually implement, direct, and monitor the specific management improvements which are needed.

At all levels within the Commission a need exists to fill management positions with individuals who possess the proper management skills and experience. There is a need to systematically evaluate the management training needs of supervisory/management personnel and formulate management training programs designed to impart a working knowledge of basic management concepts and techniques. Finally, there is a need to implement an executive development program which would identify and train individuals with an interest in and aptitude for management, thereby assuring that FCC will have a sufficient number of qualified people for the effective direction of its programs. 1/

RECOMMENDATIONS TO THE CONGRESS

We recommend that the Congress amend the Communications Act of 1934 to provide for the position of Managing Director of FCC and to empower the Chairman, as chief administrative officer of FCC, to delegate to the Managing Director responsibility for the agency's day-to-day management under the Chairman's general supervision and direction.

RECOMMENDATIONS TO THE CHAIRMAN, FCC

We recommend that the Commission take the following actions to strengthen and improve FCC management:

- Pending statutory creation of the position of Managing Director, the Commission should delegate greater authority to the Executive Director to enable him to effectively supervise, direct, coordinate, and control the activities of the staff and to work with and through bureau/office managers in strengthening essential management processes and functions, such as planning, program evaluation, and personnel management.
- Establish in each operating bureau and major office the position of Deputy Bureau/Office Chief for Management. This position should be staffed with individuals of proven executive ability and experience and should serve as (1) the administrative arm of the chief in managing the organizational unit on a day-to-day basis and (2) the immediate organizational link at the bureau/office level in a concerted, coordinated effort to improve FCC-wide management practices, systems, and methods under the leadership of the Executive or Managing Director.

1/Recommendations regarding management training and executive development are contained in chapter 10.

CHAPTER 4

PLANNING--A KEY MANAGEMENT FUNCTION MISSING

Planning is a basic element of the management process. Comprehensive planning involves defining organizational goals and objectives in relation to organizational mission; setting and implementing priorities to achieve these goals and objectives; and measuring the results through organized, systematic feedback. Planning contributes to management effectiveness by providing (1) a framework for decisionmaking, (2) a focal point for communication and coordination, and (3) specific accountability for results.

FCC has not established a comprehensive planning process. This is due to a Commission-wide lack of emphasis on the importance of planning, as well as a basic lack of incentive for FCC personnel to engage in management functions like planning. Without planning, FCC's management effectiveness has been weakened, delay in decisionmaking has been exacerbated, and FCC's regulation has been ad hoc and reactive rather than anticipatory and preventative. For planning to be effective we believe FCC must (1) give its support and commitment to planning, (2) establish an organization with specific planning responsibilities, and (3) create a continuous, comprehensive planning process.

PLANNING--A FRAMEWORK FOR DECISIONMAKING

Planning is a key management function which serves as a communication device to all agency personnel about what the agency is doing and where it is going. As such, it forms a framework for decisionmaking and assures that efforts are coordinated toward common objectives. It also helps assure effective, efficient programs and policies through the measurement of performance and analysis of results.

Planning is a continuous process of making decisions with the greatest knowledge of their future impact, organizing the efforts needed to implement these decisions, and measuring the results through systematic feedback. It is a process which implies that an organization takes initiative in organizing its work and takes responsibility for achieving certain goals. However, planning will not result in achievements unless organized and done purposefully.

A comprehensive planning process involves several steps.

--Defining the organization's mission. An organization needs to define what its business is and what it should be. This involves surfacing alternative

definitions, thinking them through carefully, and working out conflicts between different definitions, until the organization arrives at a clear purpose.

- Setting clear, specific goals and objectives. These are derived from the organization's mission. They should guide not only overall agency policy initiatives but also the activities of each organizational unit.
- Setting priorities for achieving goals and objectives. Because of limited resources, agencies will always have to conserve their strength and concentrate on what is important. Without priorities, the staff will scatter its efforts over a broad range of activities, and much of that effort may be wasted.
- Implementing the plan. Priorities, once established, must be translated into action. This involves setting standards of accomplishment and deadlines for each task, and making someone accountable for results.
- Feeding back on the organization's efforts. An organization must determine if its action is meeting its objective; therefore, it should measure its performance and identify those objectives which have been achieved or have been proven unattainable.

Strategic planning constitutes the first three steps of the comprehensive planning process. It involves defining the organization's mission, setting goals and objectives, and developing priorities. A common vehicle for articulating this process is a long-range plan. Implementing the plan and obtaining feedback on the organization's efforts require the use of several key management tools--management information systems, program evaluation, and budgeting. These are discussed in chapters 5, 6, and 7, respectively. Through these tools management can assure that resources are obtained and used effectively and that programs, enacted in response to the plan, are achieving their stated objectives.

While planning is primarily an internal management process, the Congress, through the Communications Act of 1934, has given FCC a broad public interest telecommunications mandate which provides the framework within which FCC defines its regulatory mission, sets goals and objectives, and establishes priorities. Therefore, a planning process which reflects FCC's actions to satisfy its congressional mandate can provide the Congress with an important tool for (1) assuring that FCC is accomplishing its purpose, (2) measuring

FCC's effectiveness, and (3) redirecting FCC's efforts based on congressional oversight.

AN EFFECTIVE PLANNING PROCESS IS MISSING

Although FCC has a Commission-wide staff office for planning and planning staffs in several bureaus, the agency has not implemented a comprehensive planning process. Aspects of the strategic portion of the planning process have been attempted, but they have generally found no support within FCC and have subsequently been dropped.

In 1973, the Commission created the Office of Plans and Policy to assist, advise, and make recommendations to the Commission with respect to the development and implementation of communications policies. OPP's charter does not contain specific language directing it to perform planning; however, it is considered FCC's planning organization. The Commission's most recent annual report states that OPP "develops and evaluates long-range plans * * *," and our discussions with FCC officials, including the Chairman and Commissioners, reinforced the view of OPP as FCC's planning entity. Since its inception, OPP has made only two formal attempts at planning; however, these attempts focused only on strategic planning and neither attempt was sustained long enough to produce any results.

In October 1977, the Chief, OPP, prepared a memorandum for the Chairman on future areas for OPP long-range studies. In supporting and justifying such studies, OPP noted:

"If the Commission is to regulate effectively in this changing [technological] environment, long-range planning assumes a vital role in formulating regulatory policies that will be effective today yet still be viable when confronted with tomorrow's technology. Further, if the Commission wishes to depart from the reactive technology-driven manner in which it has largely operated, long-range planning and policy studies are essential to assuming an active leadership role."

No action was ever taken on this memorandum. An OPP official told us that when this memorandum was discussed with the Chairman, the Chairman made it clear that he was not interested in any long-range planning or projects if such activity would reduce the amount of short-range policy support he received from OPP.

In December 1977, in response to an inquiry from the Chairman concerning criteria OPP used to approve contractual policy research studies, OPP issued a memorandum which identified broad goals derived from FCC's policy decisions and statutory mandate. 1/ The goals included:

"Efficient and Responsive Regulation - includes maximizing internal FCC efficiency, minimizing regulatory burdens imposed on regulated parties, and providing prompt responses to petitions, applications, for licenses, etc. . . ., as well as maximizing the efficiency of regulated industries and the provision of compatible services, clarification of market rule

"Equity and Social Responsibility - includes universal access to communications services, privacy, accuracy, fairness, public participation in FCC decision-making processes, responsiveness of industry to needs of users, safety of those using services

"Diversity - of services, types and sources of programs, employment, ownership of facilities

"Accountability - regulated industries should be accountable for the incurrence of costs, and financial information should be publicly available from heavily regulated industries, periodic promise vs. performance reviews."

The memorandum also listed but did not set priorities for possible programs aimed at reaching the above goals. OPP submitted this memorandum to the Chairman's office in March 1978; however, no further action was taken. An OPP official attributed this to other priorities and an apparent lack of interest by the Chairman's office.

The current Chief of OPP joined FCC subsequent to the two OPP planning efforts described above. In our discussions she acknowledged that OPP does not engage in the comprehensive planning process outlined earlier. In lieu of this

1/Through the contractual policy research program, FCC hires researchers in the private sector and in Government to study telecommunications policy issues. This program is discussed in detail in chapter 10.

comprehensive process, she has developed a process which she characterizes as applying a long-range perspective to current policy decisions. This process involves:

- Analyzing the impact of future technological change on the sectors of the telecommunications industry FCC regulates.
- Determining what FCC's regulatory posture should be regarding this change, based primarily on economic criteria.
- Applying the perspective developed through this process to current decisions in order to force the Bureaus and Commission to consider the future implications of these decisions.

None of the methodology employed or analysis done as part of this process has been communicated in writing to the rest of FCC.

OPP's current process does not constitute effective planning. First, in developing its future perspective, OPP is applying its own definition of FCC's mission, goals, and objectives and not the Commission's. FCC's mission and basic goals must apply Commission-wide and, therefore, they must be set by the Commission. While OPP, as FCC's planning organization, can act as a catalyst in framing goals and objectives for the Commission's consideration, the Commission must ultimately approve them. The Chief of OPP acknowledged that there had been no explicit discussion of OPP's process with the Commission. She said she did not know what the Commission's goals and objectives were, although she said she had been open and consistent in describing the process she was applying and thought perhaps the Commission was moving in the direction she had set.

Second, OPP's process is extremely limited in scope-- it is concerned only with FCC's policy decisions. Effective planning extends throughout the organization. FCC must set objectives, which relate to the Commission's overall goals, for each organizational unit. When FCC conducts planning in this manner it not only establishes accountability for each organizational unit but also acts to improve coordination and communication since all managers know what FCC is trying to achieve.

Finally, this process has been directed at only the strategic portion of the planning process. FCC has made no attempt to measure its performance and use this measurement to compare accomplishments with intended results. Without

the discipline imposed by a feedback mechanism, planning can become a meaningless exercise. For example, without feedback managers will not know the progress they have made toward their objectives. Consequently, they may expend resources in areas where FCC has already achieved its objectives.

In addition to OPP, several FCC bureaus have units with planning responsibilities; however, we found no comprehensive planning process in any bureau. Officials in several bureaus told us that they considered their annual budget process to be the equivalent of a planning process.

The budget process is an important element in the implementation and feedback portion of the planning process. Through its goals and objectives the budget represents a short-term plan of action; however, successful comprehensive planning requires a more complete, long-range perspective and a more thorough feedback process than an annual budget can provide. The bureau's budget is not a surrogate for planning; rather, it is a part of the planning process. 1/

FACTORS UNDERLYING THE ABSENCE OF COMPREHENSIVE PLANNING

FCC has not established a comprehensive planning process because of several factors, including a lack of

- emphasis on planning's importance,
- knowledge and understanding of the planning process,
and
- incentive to perform such basic management functions
as planning.

The views expressed in our discussions with Commissioners and bureau officials underscore the lack of emphasis on the importance of planning in a rapidly changing, uncertain environment. The lack of comprehensive planning is chiefly responsible for the situation in which FCC now finds itself--reacting to outside initiatives in an ad hoc manner. For example, most Commissioners realized that rapid technological change was occurring in the industries FCC regulates and that, as a result, FCC faced an uncertain future. Consequently, the majority felt that in some way FCC ought to be looking ahead. The Commissioners also recognized that FCC's planning efforts had been inadequate. The reason given

1/Chapter 7 discusses FCC's budget process in greater detail.

for this inadequacy, however, was that FCC was too busy dealing with current issues, or "putting out fires" to have the time to address planning at a Commission meeting.

Bureau officials also shared the view that FCC did not have the time to plan. In addition, several key bureau and office officials expressed the view that FCC was a "service agency" and that as a result it was dependent on the regulated industry for its workload. This dependency, in turn, meant that FCC could not predict its workload and planning was useless.

The planning process has not been fully understood by either the Commission or by FCC management. None of the Commissioners viewed planning as a process of articulating goals, establishing objectives and setting priorities, and measuring progress. Rather, they viewed planning as merely looking ahead, primarily through task forces and research studies, and trying to forecast the future. They saw this effort as OPP's responsibility, although two Commissioners thought this might be the responsibility of the National Telecommunications and Information Administration in the Department of Commerce. 1/

Bureau officials held a similar perspective. They described their planning efforts as primarily setting aside individuals to "think about the future." This perspective does not recognize that forecasting the future is only an initial step in the planning process. The Commission must create a plan of action to address anticipated events. OPP, with the bureaus, can set the framework and suggest alternatives for this plan, but it is the Commission's responsibility to approve the final plan.

Planning has also been inhibited by a lack of incentive for Commission personnel to engage in planning. Officials at all levels in FCC told us that the incentives for advancement at FCC are heavily skewed toward achievements in policy formulation rather than in management functions, such as planning. 2/ As a result, while some bureaus have established

1/The National Telecommunications and Information Administration is the executive branch agency responsible for advising the President on telecommunications policies.

2/As discussed in chapter 3, individuals typically advance to managerial positions on the basis of their performance as substantive experts and technicians rather than on the basis of demonstrated interest, experience, and competence in administration.

planning groups, they have engaged in ongoing policy and rulemaking efforts rather than planning. OPP similarly has been involved in ongoing decisionmaking. The Chief of OPP expressed concern that if her office were to step away from current events in order to engage in formal planning it would rapidly become isolated from the rest of FCC.

EFFECTIVE MANAGEMENT AND POLICYMAKING HAVE
BEEN HAMPERED BY LACK OF PLANNING

The lack of planning has had repercussions throughout FCC and has affected regulatory policy.

--Overall management in the Commission has been weakened.

--Regulatory delay has been exacerbated.

--Regulation has been ad hoc and reactive.

Management has been weakened

Effective management through central, explicit control of FCC's staff by the Commission and bureau management is weakened by the absence of a planning process. Without setting goals and objectives or setting priorities, the Commission has little assurance that organizational directions and performance are or will be congruent with its desires. In our discussions with the Chairman, he recognized that the Commission lacks the capacity to make a judgment on how well work is being performed or to what extent work scheduled by the bureaus reflects whatever priorities the Commission might develop.

The absence of planning also weakens FCC's ability to judge the efficiency and effectiveness of its programs and policies. Without the goals and objectives planning provides, FCC is missing a critical benchmark for evaluating the impact of its programs and policies. For example, an OPP official told us that in trying to analyze FCC's broadcasting policies he experienced difficulty because FCC had not articulated its goals for broadcast regulation and he was often unsure what criteria FCC was applying in its regulation of the industry.

Regulatory delay exacerbated

The lack of planning can also contribute to exacerbating regulatory delay. Without priorities, it is difficult for the Commission to provide guidance to FCC's staff regarding what it wants and when. As a result, important actions can

be delayed while the staff attempts to cover all outstanding items, some of which may not result in FCC action.

For example, without priorities, the Common Carrier Bureau is now committed to more proceedings than it can handle with its current resources. Because of this over-commitment dockets can be outstanding for so long that they are mooted by external events. In particular, in December 1974 the Commission began a proceeding to develop recommendations to the Congress regarding (1) whether the United States should sign the International Maritime Satellite Organization convention and (2) what entity should represent the United States in this organization. Commission action had not been completed when the President in November 1978 signed legislation approving U.S. participation and designating an entity to represent the United States.

Regulation--ad hoc and reactive

Without planning, FCC has also found itself in a regulatory posture which is ad hoc and reactive as opposed to anticipatory and preventative. For example, in June 1971 (largely in response to a specific transatlantic facility application) FCC issued a Statement of Policy and Guidelines which established a policy framework for approving transatlantic common carrier telecommunications facilities and noted that a policy framework regarding other areas of the world would be announced later. When FCC approved the facility application in 1972, however, policy development ceased. It was not until February 1975 when European carriers began to show interest in a new transatlantic facility that policy development resumed. 1/

By letting policy development lapse in 1972, FCC found itself in a reactive posture when interest in a new facility surfaced in 1975. Because it has never developed policy guidelines for other areas of the world, FCC has authorized several other international facilities without the benefit of clearly developed policy and guidelines.

Anticipating future events is implicit in the planning process and could have alerted the Commission to the likelihood of future international facilities. The Commission

1/This incident is covered in detail in our report "Greater Coordination And A More Effective Policy Needed For International Telecommunications Facilities," (CED-78-87; March 31, 1978).

could have identified international facilities policy development as a specific objective, established a priority for this objective in line with anticipated future facility applications, and committed the necessary resources to develop the appropriate Commission policy position.

CONCLUSIONS

FCC has not established a comprehensive planning process within which it (1) defines its organizational goals and objectives in relation to its mission, (2) sets priorities to achieve these goals and objectives, and (3) measures results through organized, systematic feedback. This is the result of a Commission-wide lack of emphasis on planning and a lack of understanding of the planning process, as well as a basic lack of incentive for FCC personnel to engage in such basic management functions as planning.

The absence of comprehensive planning has had repercussions on FCC's organization and policies. Without planning, overall management at FCC has been weakened. The lack of planning has also exacerbated regulatory delay, since without the priorities inherent in planning, FCC staff must attempt to cover all outstanding proceedings while important actions inevitably become delayed. Finally, without planning FCC has found itself in an ad hoc, reactive regulatory posture.

To improve this situation FCC must act in three areas. First, the Chairman, the Commissioners, and bureau management must become more aware of the importance and function of the planning process and make a commitment to implement planning at FCC. We believe the example and drive of top management is the most important single force in planning. With top management emphasis on planning as an important part of the decisionmaking process, and with this emphasis being translated into action, planning will be stimulated throughout FCC.

Second, after committing itself to planning, FCC must establish a structure in which planning can occur. OPP, as the principal designated planning unit, could provide the Commission with an independent evaluation of goals, priorities, and accomplishments. This could be accomplished by amending OPP's charter to include such planning responsibilities as

--developing, in coordination with the bureaus and offices, an FCC-wide plan for Commission consideration and approval;

- reviewing and evaluating, in relation to overall Commission plans, individual bureau and office plans;
- coordinating Commission-wide efforts to determine if actions taken in accordance with the plan are meeting FCC's objectives; and
- analyzing the development and implementation of communications policies for consistency with Commission goals, objectives, and priorities, and making appropriate recommendations to the Commission.

Each bureau and office should also have a unit with planning responsibility to assist the bureau or office in conducting bureau-wide planning. This unit could have responsibilities patterned on those of OPP. Under the organizational structure recommended in chapter 3, this unit should be attached to the Deputy Bureau Chief for Management.

As a final step, FCC must establish a planning process. We believe this process should include three basic elements.

- A long-range plan. An informed judgment of what technological and economic conditions are anticipated in the next 5 years. Overall goals and alternative courses of action for dealing with anticipated events could be presented.
- A short-range plan. Provide the framework for the Commission's budget. Based on the information contained in the long-range plan relating to the particular year, overall issues could be identified and overall Commission objectives regarding these issues could be developed. Program managers could then develop supporting objectives, strategies for achieving these objectives, and estimate resource needs. After a final budget is approved, the objectives could be adjusted to reflect congressionally approved funding levels.
- A measurement and feedback process. Specific means for accomplishing objectives could be developed and the management information needed to measure progress could be specified. This process could also include an organized program evaluation effort.

Successful implementation of this three-pronged planning process in FCC would require continuous coordination among OPP, which would be responsible for the long-range planning and for coordinating the feedback process; the bureaus and offices, which would contribute to the long-range and

short-range plans; and in the context of this report, the Managing Director's Office, which would have responsibility for budgeting, management information systems, and program evaluation.

We believe that encouraging FCC planning is a particularly appropriate area for congressional oversight. Through a well defined planning process the Congress can (1) readily discern whether FCC's goals and objectives reflect congressional intent and (2) more effectively review FCC's priorities, programs, and accomplishments. To accomplish this we believe FCC should submit its long-range plan to its oversight committees.

RECOMMENDATIONS TO THE CHAIRMAN, FCC

To establish an effective planning process as a basic and integral part of FCC's management, we recommend that the Commission:

- Amend OPP's charter to include specific responsibilities for a comprehensive Commission-wide planning process which is coordinated with the bureaus and offices, and for reviewing Commission actions for consistency with plans developed as part of this process.
- Direct the bureaus and offices to establish planning units with responsibilities parallel to OPP's.
- Establish a planning process which includes a long-range plan, a short-range plan, and a measurement and feedback process.
- Submit FCC's long-range plan to its oversight committees.

AGENCY COMMENTS

In discussing this report, FCC officials stated that while FCC does not have a specific planning unit or "plan" as described in this chapter, FCC does, through its inquiries, rulemakings, and contract work set a course for future action by the Commission. While we would agree that such efforts by FCC represent a general future policy direction, they do not represent a coordinated, systematic approach for defining the mission, setting goals and objectives, and developing priorities for not only the Commission's policy initiatives but also all Commission organizational units.

CHAPTER 5

MANAGEMENT INFORMATION REPORTS

PROVIDE LITTLE USEFUL INFORMATION TO

FCC MANAGEMENT

To exercise effective control managers at the Commission and bureau level need a management information system which will provide them with information regarding how resources are being used to reach the organization's objectives and to measure how well FCC is progressing toward these objectives. Such a system should also identify areas needing management attention.

Currently, FCC relies on seven individual reports in place of an integrated system for its management information. These reports have been developed on an ad hoc basis rather than as part of a comprehensive effort and, as a result, do not provide sufficient information to enable management to exercise effective control. Moreover, FCC's Common Carrier and Broadcast Bureaus do not have their own management information systems and rely heavily on informal oral reporting to maintain control. As a result, Commission and bureau officials

- are not fully aware of the status of major FCC activities,
- find themselves reacting to rather than anticipating events, and
- are not sure what resources are being devoted to FCC's various programs and activities and how effectively they contribute to mission and program objectives.

FCC has begun to improve its management information; however, it needs to develop a comprehensive integrated management information system to provide it with a management tool necessary to ensure that resources are allocated and used effectively.

THE ROLE AND CHARACTERISTICS OF MANAGEMENT INFORMATION SYSTEMS

To maintain control over their organizations, managers must assure themselves that resources are being allocated and used effectively to achieve the organization's objectives. In determining how effectively resources are used, managers need to measure the progress of programs and activities and

compare the progress with previously set standards. ^{1/} This comparison will provide the necessary feedback on the organization's efforts and permit management to (1) initiate corrective management action or (2) replan. A management information system is an essential tool in helping managers exercise control.

Successful management information systems should be:

- Economical: Only the smallest number of reports required to understand an activity should be prepared. In developing a system, the cost of accumulating data and preparing reports should be weighed against the expected value or benefits.
- Meaningful: Reports should relate to mission and programs which translate into key objectives. Progress or performance reports should show comparisons with (1) predetermined standards of costs, quality or quantity of production, accomplishment, or performance, (2) budget allowances, or (3) past performance. Often progress or performance cannot be reported in quantitative terms. In such cases, reports should emphasize exceptions or other matters requiring management action.
- Operational: Reports should only include information which serves the need of the receiving official or organization as a basis for management action.
- Timely: Reports should be timely to be of maximum value. Reports which provide information on events long after they have occurred will be of little value to managers since the appropriate time for management action will have passed.

^{1/}In the context of this chapter, a program is a function employed by a bureau to meet its mission. For example, Common Carrier Bureau programs are Economic Research and Analysis, Accounting and Audits, Rate and Service Regulation, Authorization of Service and Facilities, and International Programs. An activity is a particular type of work performed in support of a program. For example, an activity within the Economic Research and Analysis Program would be Cost of Capital Analysis.

FCC-WIDE REPORTS PROVIDE LITTLE
ASSISTANCE IN ACHIEVING MANAGEMENT CONTROL

For management information purposes, FCC relies on seven separate reports rather than a comprehensive integrated system. Table I on pages 57, 59, and 61 presents the main features of these reports including their intended purposes, the type of information contained in the reports, and the designated primary recipients.

FCC has developed these reports largely on an ad hoc basis, and usually in response to the specific interest of a Commission official or the Congress, rather than as part of a comprehensive development effort. Consequently, when the reports are viewed collectively they do not constitute a system and do not contribute the type of information needed to assist FCC management in controlling its organization.

FCC reports on resources

Only two reports--the Activity Reporting System and the Resource Management System--address the control of resources. Neither report, however, contains enough information for FCC management to accurately determine the resources it is expending on its programs and activities.

The Activity Reporting System collects information relating to staff hours spent on FCC programs and activities and reports this data on a monthly basis. The system, however, does not cover all FCC employees. Specifically excluded are the Commissioners' offices, the OPP, the Office of General Counsel, the Office of the Executive Director, and the Field Operations Bureau.

The excluded organizational units all contribute in some degree to FCC's programs. For example, the Data Automation Division in the Office of the Executive Director plays an important role in successfully implementing bureau programs through its computerized support of applications processing activities. Without including the staff hours of this division, as well as other excluded offices and bureaus, FCC cannot accurately calculate the total staff hours spent on its individual programs.

An additional weakness is that the Activity Reporting System measures only staff hours expended on FCC's programs; it does not measure the cost of these staff hours. To compute staff hour costs FCC would have to merge the Activity Reporting System with its payroll system. FCC officials told us that FCC had never performed this merger because of problems it has experienced getting its payroll system

TABLE I
CHARACTERISTICS OF
MAJOR COMMISSION-WIDE MANAGEMENT INFORMATION REPORTS

<u>Report</u>	<u>When initiated</u>	<u>Stated purpose</u>	<u>Information contained</u>	<u>Frequency of input & output</u>	<u>Primary recipients</u>
Activity Reporting System	Begun in 1970 by officials in the Executive Director's office. Revised in 1974 by Financial Management Division and Management Systems Division.	The Activity Reporting System is intended as a method for determining the personnel costs of FCC's programs and activities. It is also to provide data to analyze the distribution of staff hours among organizational units and programs, and for related budgetary and management purposes.	Reports show for bureaus and divisions the staff hours spent on programs and activities. Output data is shown for some activities in certain bureaus.	Reports are produced monthly by the Management Systems and Data Automation Divisions based on reports submitted by employees twice a month.	Financial Management Division, bureau and division chiefs.
Management Data Notebook	Begun in 1971 by Executive Director in response to Chairman's interest in backlogs.	The Management Data Notebook is intended to keep the Chairman and Commissioners informed on progress in reducing backlogs and to identify developing problem areas in applications processing so corrective action can be taken.	Notebook gives a month-by-month recapitulation of application receipts, disposals, and pending applications for 31 services licensed by FCC. For the Broadcast, Common Carrier, and Cable TV Bureaus, the number of applications pending more than 120 days is shown. For the Private Radio Bureau, a speed of service figure, showing the average number of days to process the application is included.	Reports are produced monthly by the Management Systems Division based on monthly reports from the bureaus.	Chairman, Commissioners, bureau chiefs and key bureau officials, and officials in the Office of the Executive Director.
Quarterly Status Report on Notices of Proposed Rulemaking, Notices of Inquiry, Petitions for Rulemaking, and Internal Studies	Begun in 1978 by Management Systems Division in response to Chairman's request.	The Quarterly Status Report is intended primarily as an inventory of FCC's various proceedings. This inventory is also intended to (1) improve coordination among the bureaus through a common base of information and (2) allow the Commission to place resources in the most critical areas.	For each proceeding or study the report shows the docket number; the petitioner; the staff contact person; relevant dates, including a target date for completion; statement of the issues involved; and current status.	Reports are produced quarterly by the Management Systems Division based on quarterly reports from the bureaus and offices.	Chairman, Commissioners, bureau and office chiefs, Management Systems and Financial Management Divisions.

<u>Report</u>	<u>When initiated</u>	<u>Stated purpose</u>	<u>Information contained</u>	<u>Frequency of input & output</u>	<u>Primary recipients</u>
Major Matters before the Commission	Begun in 1963 in response to an inquiry from Chairman, Senate Committee on Commerce	The Major Matters Report is intended to apprise the Commission and the Congress of major proceedings pending before the Commission.	The report contains a 1-page synopsis of the historical development of each proceeding and the action which must be taken before resolution.	Reports are provided annually by the Chairman's office based on information provided by the bureaus and the Management Systems Division.	Commissioners; bureaus; House Interstate and Foreign Commerce Committee; and Senate Committee on Commerce, Science, and Transportation.
Report of Pending Applications and Hearing Cases (McFarland Report)	Required by section 5 of the Communications Act of 1934	Inform the Congress of status of certain applications and hearing cases.	The report lists all applications for major categories of services which have been pending for 3 months or more and indicates whether the application is held up due to factors internal or external to the Commission. Also, the report lists pending hearing cases in which the record has been closed for at least 6 months.	Reports are produced monthly by the Management Systems Division based on information provided by bureaus and offices.	House Interstate and Foreign Commerce Committee and Senate Committee on Commerce Science, and Transportation.
Report to the Chairman on Major Agenda Items	Not known	This report is intended to provide the Chairman with information needed to develop FCC's agenda.	The report contains a brief description of the item, the month when the item will be ready for consideration, and any deadlines associated with the item.	Reports are provided annually, with quarterly updates.	Chairman and bureau chiefs.

<u>Report</u>	<u>When initiated</u>	<u>Stated purpose</u>	<u>Information contained</u>	<u>Frequency of input & output</u>	<u>Primary recipients</u>
Resource Management System	Begun in 1972 by the Executive Director's office	This system is FCC's principal means for planning and controlling the utilization of resources during budget execution.	Upon receipt of an initial allocation from the Financial Management Division for each expense element under their control, bureaus and offices prepare an operating budget for the fiscal year. Allocations for each expense element are distributed by quarter. Financial Management Division issues a monthly report showing cumulative effect of transactions against each expense element.	Budgets are prepared annually. Transaction report is prepared three times weekly by Financial Management Division for its internal use. Reports to other units are prepared monthly.	Financial Management Division, bureau and office chiefs, and central account managers.

to function correctly. The payroll system is currently being audited to identify any remaining weaknesses, and an FCC official told us that after implementing the recommendations of this audit he would consider a merger of the activity reporting and payroll systems.

Accurate assessment of program costs involves more than just measuring staff hour costs. For example, travel expenses are also attributable to FCC's programs. The Resource Management System compiles data on these and other expense categories, including personnel compensation, and presents this data in monthly reports. This data can be compared with quarterly targets set at the beginning of the fiscal year for each bureau and office. However, the system aggregates the personnel compensation and other expense data only on a bureau and not on a program basis. A program-level aggregation would provide the data necessary for improved program planning and budgeting, and for reviewing program priorities. An FCC official agreed with this view but stated that they had not modified the system due to other demands on their time.

FCC reports on program progress

In addition to providing data on resources, a successful management information system should also measure the progress of programs and activities toward the organization's objectives. FCC uses two reports to measure progress. The Management Data Notebook measures progress in applications processing while the Quarterly Status Report on Notices of Proposed Rulemaking, Notices of Inquiry, Petitions for Rulemaking, and Internal Studies attempts to track these various classes of proceedings.

The Management Data Notebook measures on a monthly basis the number of applications received, processed, and pending in the Broadcast, Common Carrier, Cable Television, and Private Radio Bureaus. In addition, it measures backlogs (applications over 120 days old) for the Broadcast, Common Carrier, and Cable Television Bureaus, and measures speed of service (the average number of days to process an application) for the Private Radio Bureau. FCC applies a speed of service criteria to the Private Radio Bureau because applications in this Bureau usually take less than 120 days and, therefore, would not be measured as backlogs under the criteria applied in other bureaus.

While this report does provide quantitative applications processing data, its application is limited by the absence of explicitly set standards against which managers can compare the data. For example, the user of this report has no

way of knowing whether the applications processed in a particular month are greater or less than a previously set standard of production.

FCC officials have traditionally assumed that if the report showed the backlog level or speed of service measure increasing, management action was needed. We believe this is too simplistic an approach. While FCC does set general licensing goals in its budget, FCC has never developed objective criteria for each licensing category regarding what constitutes a backlog in that category. Rather, they have just relied on the criteria contained in section 5(e) of the Communications Act. 1/

The Quarterly Status Report, initiated in May 1978, could provide improved management control because it is an inventory of the numerous proceedings which comprise a considerable portion of FCC's work. This report, however, does not provide sufficient information about the proceedings to assist management control. For example, the Quarterly Status Report does not contain milestones for completing a proceeding or for tracking its progress. It does contain a target date for when the proceeding is to be ready for scheduling on the Commission's agenda; however, there is no mechanism for showing when target dates are missed so that management can take action. In a check of the report for the fourth quarter of 1978, we found that missed target dates had simply been revised, and no note was made of the slippage.

An additional weakness of both the Management Data Notebook and the Quarterly Status Report is that neither report provides data on the resources expended on the activities they track. In our discussions with FCC's Chairman, he recognized this weakness and acknowledged that if resources were shown, for example, in the Quarterly Status Report, the Commission would be in a better position to control the bureaus' priority setting because they would know the resources the bureaus were assigning to particular proceedings.

1/Section 5(e) states that an objective for the conduct of Commission business will be to render a final decision (1) within 3 months from the date of filing in all original application, renewal, and transfer cases in which it is not necessary to hold a hearing and (2) within 6 months from the final date of the hearing in all hearing cases.

Existing FCC reports do not meet
management information system criteria

Besides providing little useful information for exercising management control, FCC's seven reports do not meet the criteria described previously for a successful management information system. The existing reports are not economical, meaningful, or timely.

--In developing an economical information system FCC should weigh the cost of accumulating data and preparing various reports against the expected value or benefits. FCC has not performed such an evaluation for any of its reports. Economy should also be observed in the production of reports. Only the smallest number of reports needed to understand an activity should be produced. As shown in table I, several current reports--the Quarterly Status Report, the Report on Major Matters before the Commission, and the Report to the Chairman on Major Agenda Items--provide essentially the same information on the status of FCC's proceedings.

--Meaningful reports must be related to key organizational objectives. As noted in chapter 4, there are no Commission approved, FCC-wide goals and objectives. Given this, the existing reports tend to measure progress in a vacuum and are reduced, as one FCC official noted, to "status systems."

--To be of maximum value to managers, management information reports should be compiled and made available in a timely manner. The Activity Reporting System, the Management Data Notebook, and the Quarterly Status Report are not timely and are often issued 1 to 3 months after the period on which they report. For example, the Quarterly Status Report for the first quarter of 1979 was not issued until late May 1979. As one Bureau Chief noted, this lack of timeliness tends to reduce the reports' usefulness, since the appropriate time for management action on problems identified has passed.

COMMON CARRIER AND BROADCAST BUREAUS LACK
ADEQUATE MANAGEMENT INFORMATION SYSTEMS

The effective allocation and use of resources is particularly important at the bureau level, since the bureaus execute FCC's programs and activities. To establish this management control, the bureau chiefs need a management information system. We found that neither the Common

Carrier nor the Broadcast Bureau has an integrated management information system. Both Bureau Chiefs rely little on available written reports and instead rely heavily on oral reporting for management information. As a result, both Bureau Chiefs have experienced difficulty in exerting effective control over their organizations. Recognizing this, the Common Carrier Bureau has taken steps to improve its management information.

Common Carrier Bureau

The Common Carrier Bureau does not have a formal, comprehensive management information system. Rather, a piecemeal system exists which consists of two basic components

- management information obtained from Commission-wide reports and
- management information obtained from diverse reports which division chiefs prepare for their own purposes, copies of which are occasionally forwarded to the Bureau Chief's office.

As discussed earlier, existing Commission-wide reports provide little useful information for management control. Similarly, reports prepared at the division level serve the specialized needs of the division chief and are not designed to provide the bureau chief with Bureau-wide information on resources being expended and progress being made. As a result, the Common Carrier Bureau Chief's primary source of information is oral reporting. For example, the Bureau Chief told us he often finds out about backlogged applications or overdue rulemakings when a staff member calls it to his attention.

In October 1975 an attempt was made to improve the Bureau Chief's level of management information by establishing a comprehensive Project Management System to:

- Identify and monitor critical and nonroutine Bureau work.
- Designate individuals responsible for Bureau projects.
- Establish priorities and target dates for each project.
- Provide data for workload planning, program evaluation, and management reporting.

The Project Management System was to be combined with data collected for the Activity Reporting System and Management Data Notebook to form an overall Bureau management information system. This system was never implemented. The only reason given by former and current FCC officials was that time was never available to suspend Bureau activities for the 1 day necessary to implement the system.

Two major consequences have resulted from the lack of a comprehensive management information system in the Common Carrier Bureau. First, the new Bureau Chief has experienced difficulty in gaining control of his organization. 1/ He told us that when he became Bureau Chief he could only react to current events because he had no mechanism for anticipating future work. He felt he had made improvements in this situation primarily through staff meetings. Second, without an ongoing management information system to monitor projects, the Bureau has taken on more projects than it has the resources to complete within a reasonable timeframe.

Recognizing this problem, the Bureau, in December 1978, began a second attempt to set up a management information system. This effort, as presently envisioned, will involve two phases. In the first phase, data from the Activity Reporting System and the Management Data Notebook will be combined with data the Bureau collects for the Quarterly Status Report. The Quarterly Status Report data has been combined with data collected on hearings being conducted on common carrier applications to form four quarterly reports on petitions, docketed proceedings, hearings, and internal Bureau projects. The first set of reports was issued in January 1979. Bureau officials also plan to develop a monthly report to track the 10 to 15 most critical items in the Bureau; however, as of May 1979 this report was still under development.

While the first phase has increased the flow of information in the Bureau, it has not significantly increased management control over the use of Bureau resources. For example, the quarterly reports do not show (1) the person accountable for the work, (2) the resources being committed, and (3) firm target dates for completion of various phases of the work. Nevertheless, we believe the Bureau's efforts are an initial step in the right direction.

1/The former Bureau Chief retired August 31, 1978. The current Bureau Chief served as acting Bureau Chief from September 1, 1978, to January 18, 1979. At that time, he was formally designated Bureau Chief.

The Bureau, however, should move beyond "making do" with current information and begin to explore the improved information available through the projected second phase effort. In the second phase, a totally new information system would be developed. The Bureau plans to set internal goals and objectives and then develop an information system which will measure the progress toward and resources expended to reach these objectives. 1/ No action has been taken on this phase and Bureau officials could not provide a timetable for its completion.

Broadcast Bureau

The Broadcast Bureau does not have a formal management information system, although the Bureau Chief does have access to information from the Commission-wide reports and three of the Bureau's six divisions do provide him with regular reports on the status of proceedings handled in the division. The former Bureau Chief 2/ told us that he made little use of the Commission-wide reports and that he did not require a lot of reports from his divisions because he felt that reports tended to "slow things down." He preferred to rely on regular meetings and personal contact with his staff to maintain management control.

We believe heavy reliance on informal oral reporting is not conducive to good management control. First, with only oral reporting it is difficult for the Bureau Chief to keep track of the resources being expended on the Bureau's various undertakings. Currently the Bureau has about 80 rulemakings, notices of inquiry, and internal studies underway. Second, without a comprehensive information system the progress in achieving Bureau objectives cannot be adequately measured. The former Bureau Chief told us, for example, that his objective for the Bureau was to process all applications within 90 days. The former Bureau Chief could not accurately know whether the Bureau was achieving this objective, however, without an information system which measured speed of service.

1/Bureau goals and objectives must reflect Commission-wide goals and objectives developed as part of the comprehensive planning process discussed in chapter 4.

2/The former Broadcast Bureau Chief retired on April 30, 1979. The current Bureau Chief assumed his duties on May 4, 1979.

The new Bureau Chief acknowledged the absence of a Bureau level management information system. He attributed the Bureau's current applications processing backlog problems to the lack of adequate management information, noting that with adequate information action would have been taken to address this problem. To improve this situation he hopes to develop reporting devices which will provide him with information on (1) speed of service in applications processing, (2) status of significant policy items, and (3) resources devoted to the Bureau's various activities. He was not sure, however, what form these reports would take or when they would be implemented.

CURRENT EFFORTS TO IMPROVE MANAGEMENT INFORMATION SYSTEMS

In February 1979, at the direction of the Chairman, the Chief, OPP, and the Chief of the Data Automation Division formed an ad hoc study group to (1) identify and define management information needs, (2) determine which management information system will satisfy those needs and (3) implement such a system. The study group consists of personnel from OPP and the Data Automation Division. Conspicuously absent from the study group is the Management Systems Division, which is responsible for all aspects of FCC's management information systems. In this regard, the Chairman told us that the effort was assigned to OPP because that was where he saw "the greatest enthusiasm for it."

The OPP official heading the study group told us the management information system effort arose out of the Chairman's and his staff's realization, as well as that of OPP and the Office of General Counsel, that the Commission had little information or control over rulemaking or policy issues coming from the bureaus. The Chairman also felt an improved management information system would increase coordination among the bureaus--an important aspect since ongoing activities are often not widely disseminated outside a particular bureau. 1/

The Quarterly Status Report discussed earlier resulted from a first attempt to address this perceived information need. An FCC official told us, however, that this report did not contain sufficient information nor was it timely enough to be of significant use. As a result, the study group was formed.

1/Coordination problems among FCC's bureaus and offices are discussed in chapter 3.

The study group is currently in the first phase of its effort--identifying and defining management information needs. It has limited its efforts to examining the information needs of the Chairman and his assistants, OPP, and the Office of General Counsel. In this regard, we inquired whether the system under development would also include the information needs of the bureau chiefs. An FCC official told us the system would be expanded to the bureau level after the initial system is implemented. FCC officials could not supply us a timetable for when the study group's effort would be completed.

The establishment of the study group reflects an increased awareness among FCC's management of the weaknesses in FCC's current management information reports. We believe, however, that the group's approach to improving the level of management information at FCC is too narrow. Specifically, in defining information needs the group has limited itself to a small group of Commission managers. The input of other key managers--such as bureau chiefs--are equally important in the initial design of a Commission-wide system; therefore, their information needs should be considered. More fundamentally, we believe any effort to develop a new management information system must begin with the definition of goals and objectives inherent in the planning process described in chapter 4. These goals and objectives would provide solid criteria for identifying the information needed to determine how well FCC is meeting its objectives.

CONCLUSIONS

The absence of an integrated management information system at the Commission and bureau level has hampered management control because:

- Key Commission and bureau officials are not fully aware of the status of major FCC activities and consequently often find themselves reacting to rather than anticipating events.
- These same officials cannot be sure what resources are being devoted to FCC's various programs and activities or how effectively these resources are being used.
- Bureaus are not fully aware of each other's activities, thus exacerbating coordination problems.

Information resources should be managed just as one manages capital and personnel. Used effectively, information can provide significant improvements in productivity

and cost effectiveness. FCC management has relied heavily on oral reporting to maintain management control, an approach which results in them assuming a reactive posture to current FCC activities. FCC has also developed its reports largely on an ad hoc basis, usually in response to the particular interests of a Commission official or the Congress rather than as part of a systematic and coherent development effort.

FCC, through the formation of a study group and the efforts of the Common Carrier Bureau, has begun to address the need for a management information system in achieving management control. While the study group represents a starting point it does not include the Management Systems Division which organizationally appears to have authority for planning, organizing, and administering FCC's management information system. We believe it is important that FCC organize itself so that responsibility for such matters as information requirements of end users, systems design and implementation, systems testing, and management is clearly defined and implemented.

To move beyond the ad hoc efforts of the study group towards developing a comprehensive system also requires a strong commitment by the Chairman, Commissioners, and bureau management. The translation of this commitment into action must begin with the planning process recommended in chapter 4 and the establishment of objectives inherent in the planning process. With this foundation firmly laid, FCC can then move forward to strengthen and improve its management information system.

RECOMMENDATIONS TO THE CHAIRMAN, FCC

To improve FCC's management control, we recommend that the Commission, after setting objectives for FCC:

- Clarify and establish lines of authority and responsibility for developing, implementing, and managing an integrated management information system.
- Identify the information needed to determine progress towards FCC's objectives, the resources expended in reaching these objectives, and areas where management action is needed.
- Determine to what extent existing reports provide this information and, based on this analysis, which reports should be retained.
- Identify alternative system designs, analyze their relative costs and benefits, and select and implement the optimum management information system.

CHAPTER 6

AN EFFECTIVE PROGRAM

EVALUATION SYSTEM IS NEEDED

FCC lacks an effective Commission-wide program evaluation system and bureau evaluation efforts to date have been minimal. As a result, FCC has conducted few formal and objective evaluations of its programs. This has left FCC without the information it needs to make effective program decisions and to effectively manage its resources.

Program evaluation is an integral part of effective management practice. It provides the feedback which an agency needs to measure its performance against its goals and objectives and redefine these objectives as necessary. It is needed to strengthen weak programs, support effective programs, and eliminate those which are unproductive. It can also provide the objective information needed to make difficult program and budget decisions. An effective system for objectively evaluating the effects of its programs should be especially valuable to an agency like FCC which is responsible for regulating a dynamic field such as communications.

FCC should establish a system for conducting evaluations of its programs and for planning and coordinating program evaluation activities within the agency. Responsibility for program evaluation should be placed where it will be a part of the continuing loop of program planning, development, and operations. In the context of this report, we believe that FCC's program evaluation function should be located in the office of FCC's Managing Director. 1/

To improve congressional oversight of FCC, we believe that, in addition to furnishing its oversight committees copies of its long-range plans, as discussed in chapter 4, FCC should also furnish the committees (1) its plans for conducting evaluations to assess its performance against the goals and objectives contained in the long-range plans and (2) copies of evaluations as they are completed.

WHAT IS PROGRAM EVALUATION AND WHY IS IT NEEDED?

A basic tenet of our Government is that agencies entrusted with public resources and the authority for

1/The need to establish the position of Managing Director is discussed in chapter 3.

applying them have a responsibility to render a full accounting of their activities. This accounting is necessary to enable elected representatives to supervise and control administrative action; to enable administrative officials to effectively manage the programs entrusted to them; and ultimately, to enable citizens to determine the effectiveness with which they have been served by their Government.

During recent years, increased emphasis has been placed on Federal program accountability both by the Congress and the public. This emphasis has, in turn, added significance to the various Federal information gathering systems and analytical activities referred to as program evaluation.

What is program evaluation?

For the purposes of this report, program evaluation is defined as a method of providing input into future policy and management decisions through a formal, organized appraisal of the manner in which existing programs 1/ are

- achieving their stated objectives;
- meeting the performance perceptions and expectations of responsible public officials, interested groups, and/or the general public; and
- producing other significant effects of either a desirable or undesirable character.

While program managers have always made some judgments about the value of their programs, a system of program evaluation is designed to formally and objectively evaluate program outcomes and effects.

Evaluation is necessary for effective implementation and judicious modification of existing programs. It can provide information needed to strengthen weak programs, support effective programs, and eliminate those which are no longer fulfilling their objectives. Likewise, it can provide program managers with objective information on the costs and effects of their programs, thus assisting them in managing effectively and allocating limited resources efficiently.

1/A program may be defined as: providing funds and administrative direction to accomplish a prescribed set of objectives through specified activities.

PROGRAM EVALUATION IS LITTLE USED

At present, FCC has no effective Commission-wide program evaluation system. Although FCC's Executive Director is responsible for reviewing, with the Commission and the heads of the bureaus and offices, the Commission's programs and procedures, this has not included an objective, systematic evaluation of ongoing activities. In addition, while several bureaus have established program evaluation units, these units have rarely functioned in that capacity. Consequently, few evaluations of FCC's programs have been conducted. 1/

FCC's effort to establish a program evaluation system fails

In April 1976, FCC attempted to establish a formal Program Review and Analysis System in order to "make sure that we are maximizing our regulatory efforts from a cost/benefit perspective." However, after conducting only one program review in 1976 the system was abandoned.

FCC did not create a new permanent organizational unit to conduct program evaluations under the Program Review and Analysis System. Instead, it was intended for the system to function under the direction of a Staff Steering Committee, composed of the Deputy Executive Director, the Chief, OPP, and FCC's budget officer. The Steering Committee was to organize ad hoc multidisciplinary teams to conduct each program evaluation study.

In establishing the system, FCC's then Chairman noted that on many occasions in the past FCC had been confronted with major program and budget decisions without sufficient objective information to make rational choices. He said the problem had been aggravated by uncontrollable cost increases in such areas as salary and benefits, rents, postage, and printing. Further, he said many Commission programs required additional funding to keep pace with industry growth and technological developments. He concluded that "the budget crunch is not likely to abate, and, thus, we will be faced with increasingly difficult decisions regarding resource allocations."

1/Establishing program goals and objectives is an important prerequisite to the implementation of an effective program evaluation system. The need for FCC to establish Commission-wide goals and objectives as part of a comprehensive planning process is discussed in chapter 4.

The Chairman added that program review is difficult and complicated, and for a system to work effectively it is necessary to have the active support and involvement of Commissioners and senior agency staff. However, he noted, the information provided by a review system would be of "immeasurable assistance" in making difficult program decisions.

Shortly thereafter, FCC undertook its first, and only, program review under the new system--an analysis of the authorization options available to FCC for its Citizens Band Radio Service. In December 1976 a report was issued which analyzed nine alternative authorization systems. These analyses were intended to assist the Commission in evaluating whether any changes should be instituted in its existing Citizens Band authorization procedures.

No changes were instituted as a result of the report. An FCC official told us that the Commission was not prepared at that time to deal with a report which contained only options and did not tell them what to do. We were further told that while the report was being considered, the then Chief of the Safety and Special Radio Services Bureau gave an emotional speech in which he told the Commission if they changed the way they licensed or regulated the Service their enforcement activities would fail. The Commission, he said, was reluctant to oppose the Bureau Chief. Thus, it decided to retain the status quo. After this experience, we were told FCC's former Chairman was reluctant to initiate another review. As a consequence, the Program Review and Analysis System was abandoned.

FCC's present Chairman told us that he believed that having a Commission-wide program evaluation system at FCC would be "very desirable." He said, however, that he did not believe that FCC has sufficient resources to establish such a system under "the current resource climate."

A number of other FCC officials also pointed out the need for a Commission-wide system for program evaluation. They suggested other reasons, however, as to why such a system has not been established. These include:

--A lack of top management commitment to program evaluation.

--A tendency on the part of the Commission to preserve the status quo.

--The tendency of staff members who are responsible for program evaluation to become involved in day-to-day activities.

In addition, management studies have pointed out other possible reasons why Government agencies have not established program evaluation systems. These are that program managers (1) are not held fully accountable for the results of their programs and (2) fear that they have more to lose than to gain from program evaluations. In this regard, observers have suggested that if program managers are accountable and rewarded for proven program results, they would have incentive to manage well, to institutionalize the evaluation function, and to use evaluation information to improve and document the performance of their programs. Some incentives for better management may, however, be provided by the new Senior Executive Service. 1/

Other FCC review efforts are not effective substitutes for a program evaluation system

FCC has taken some other actions to review its programs. These are not, however, effective substitutes for a Commission-wide program evaluation system. Although FCC has established program evaluation units in several of its bureaus, these units have conducted few evaluations. In addition, other activities such as FCC's budget review process do not provide information which should be obtained through program evaluation.

FCC's Common Carrier, Field Operations, and Private Radio Bureaus have all established units which are responsible for evaluating programs within their respective Bureaus. These units have, however, frequently been caught up in other Bureau activities and have had little time left in which to conduct program evaluation studies.

1/The Senior Executive Service is a part of the Civil Service Reform Act which was signed into law on October 13, 1978 (Title IV, Public Law 95-454, 92 Stat. 1154). It is to help the Federal Government attract and keep top managers, to use their abilities productively and to pay them according to their performance. Among other things, it requires annual evaluations of executives and the organizations they direct based on criteria such as improved efficiency and productivity, work quality, and timeliness of performance.

In 1974 the Common Carrier Bureau established its Program Planning and Evaluation Staff to evaluate Bureau program accomplishments and advise the Bureau Chief of their effectiveness. This group has never been used as intended. Both the current and previous Bureau Chiefs told us that the staff was pulled into various ongoing Bureau items and, therefore, no time was left for its original mission.

The Field Operations Bureau's Program Development and Evaluation Staff, established in 1974, has also been primarily involved in projects other than program evaluation. For example, it has recently been responsible for redesigning the Bureau's activity reporting system as well as collecting information for various other groups within the Bureau and the Commission in areas, such as Citizens Band equipment and Amateur Radio use.

In 1976 and 1977 the Program Development and Evaluation Staff did issue two program evaluation-type studies relating to Citizens Band Radio Service enforcement techniques. These reports were intended to be part of the first phase of a three-phase study to identify the relationships between (1) alternative enforcement techniques and rule compliance, (2) rule compliance and communications quality, and (3) communications quality and public benefit. The study was abandoned, however, when the staff was assigned to work on the Bureau's activity reporting system.

The third Bureau level evaluation group, the Private Radio Bureau's Planning and Evaluation Staff, has been in existence only since May 1978. The chief of the staff told us that while they "have been fighting a lot of short-term problems in the Bureau," he expected that they are "about 2 years away from looking at programs at the real program evaluation level." He also stated that there has been little or no program evaluation work done in the Bureau in the past.

Program evaluation has received, if anything, even less emphasis in FCC's two other bureaus. The Broadcast Bureau has no program evaluation group. Rather the policy analysis branch of its Policy and Rules Division is responsible for evaluating Bureau policies and rules to determine the need for modification or revision. It has, however, allocated no staff years to this task. Officials in the Cable Television Bureau likewise told us that no program evaluation had been done in that Bureau.

FCC also reviews its programs through ongoing activities such as its budget review process and its contract research program. However, these activities are not designed to

substitute for nor do they alleviate the need for an effective program evaluation system.

FCC reviews its activities as a part of its annual budget process. However, as discussed in chapter 7, FCC's budget process does not include indepth evaluations of existing FCC programs. Rather, it focuses primarily on evaluating the need for additional resources to support FCC activities.

FCC has also included a number of "zero-based regulatory reviews" in its fiscal year 1979 contract research budget. The studies, which were approved for funding (see app. III), however, focus primarily on analyzing the consequences of future actions rather than evaluating the effects of ongoing programs. Further, as recognized by the Chief, OPP, who is responsible for directing the contract research program, the program is not the appropriate vehicle for conducting evaluation studies.

In 1978 FCC began a "sunset review of its rules and regulations" under the direction of a Commissioner. The purpose of this task force is to question, given existing policies, whether particular FCC rules and regulations are needed, rather than to review FCC policies and programs.

THE LACK OF PROGRAM EVALUATION HAS
HINDERED EFFECTIVE MANAGEMENT AND
POLICY DECISIONMAKING

FCC has impaired both its management and its policy decisionmaking by not objectively evaluating the results and effectiveness of its programs. This has also reduced FCC's ability to make needed program changes and lessened the Congress ability to oversee FCC operations.

An internal system of program evaluation is an integral part of effective management practice, particularly for service institutions such as Government agencies. In essence, program evaluation serves as the feedback loop in the overall management process--to measure performance against objectives and to redefine objectives based on such assessments.

As has been noted by a prominent management authority, 1/ for service institutions this may be the most important of all management functions since there is no market test "that

1/Peter F. Drucker, "Management." New York: Harper & Row, Publishers, 1974.

forces a business to eventually abandon yesterday--or else go bankrupt." He has stated that in service institutions particularly, past successes often become policy, virtue, or conviction unless the institution disciplines itself to think through its mission, objectives, and priorities and to build in feedback control based on results and performance on policies, priorities and action.

The need for such a feedback process appears particularly relevant for an agency which is responsible for regulating today's rapidly changing communications industry. In this regard, three of our recent studies of FCC activities have pointed out programs which may not be accomplishing the results intended, which were not being carried out effectively, and for which better alternative approaches appear to exist. ^{1/} These studies, we believe, demonstrate the value of program evaluation as an effective means for assessing the outcome and effectiveness of FCC programs.

FCC's lack of an effective program evaluation system has, in addition, reduced the Congress ability to oversee Commission activities. We noted in chapter 4 that congressional oversight of FCC could be improved by establishing a well defined planning process which would allow the Congress to assess FCC's goals and objectives and review its priorities, programs, and accomplishments. Establishing a program evaluation system would further enhance the Congress ability to monitor FCC's performance.

By reviewing the results of program evaluations conducted by FCC, the Congress would have a more objective basis for determining how well the Commission's programs are working and whether or not they are meeting the Commission's goals and objectives and reflect congressional intent. In addition, by monitoring FCC plans for future evaluations, the Congress

^{1/}"Greater Coordination And A More Effective Policy Needed For International Telecommunications Facilities" (CED-78-87; Mar. 31, 1978).

"The Role of Field Operations In the Federal Communications Commission's Regulatory Structure" (CED-78-151; Aug. 18, 1978).

"Selected FCC Regulatory Policies: Their Purpose and Consequences for Commercial Radio and TV" (CED-79-62; June 4, 1979).

would be able to provide feedback to FCC on its program evaluation efforts.

In its 1977 "Study on Federal Regulation" the Senate Committee on Governmental Affairs recognized the usefulness of such evaluation-based oversight as a means to help the Congress review performance of regulatory agencies. Thus, it recommended that each agency be required to evaluate its regulatory programs and present its evaluations to congressional authorizing committees periodically along with a discussion of the agencies' goals for the next few years and a plan for evaluating performance of those goals.

CONCLUSIONS

FCC's lack of an effective program evaluation system has not helped put FCC in a position to make major program and budget decisions on the basis of objective information. Further, as demonstrated in our previous studies, absence of program evaluation has allowed the Commission to pursue major programs which are not administered effectively and for which better alternatives appear to exist.

We believe that establishing a system for evaluating the effects of FCC programs will increase FCC's management effectiveness. In the context of this report, responsibility for program evaluation should be placed in the office of FCC's Managing Director, where feedback can be used in program planning and priority setting. The establishment of a Commission-wide program evaluation system will also help program managers define objectives for their programs and identify approaches which will best achieve these objectives.

Specifically, the Commission-wide program evaluation system should include such functions as:

- Conducting independent program evaluations.
- Developing agency-wide evaluation work plans.
- Assisting program managers and their evaluation groups in designing program evaluations and improving methodology.
- Participating in the planning and development of field experiments.
- Disseminating the results of evaluation studies to responsible program managers and policymakers.

We also believe that program evaluation should be used to improve congressional oversight of FCC's programs and activities. In this regard, FCC should furnish its oversight committees (1) a list of the evaluations to be conducted assessing its performance against the goals and objectives contained in its long-range plans and (2) completed evaluations, which assess this performance.

RECOMMENDATIONS TO THE CHAIRMAN, FCC

We recommend that the Chairman, FCC:

- Establish a system for conducting program evaluations throughout the agency. The responsibility for program evaluations should be placed where the results of evaluations will routinely provide feedback into Commission-wide program planning and priority setting. In addition, the system should include provisions for planning and coordinating evaluation activities throughout FCC.

- Furnish FCC's oversight committees (1) a list of the evaluations to be conducted assessing FCC's performance against the goals and objectives contained in its long-range plans and (2) copies of completed evaluations, which assess this performance.

AGENCY COMMENTS

In discussing this report FCC officials stated that the Commission, through its inquiries and contract work, has reviewed the results of certain programs, citing specifically the inquiry into cable television's impact on broadcast services completed in April 1979. While we recognize the value of such efforts, we believe program evaluation must be an ongoing effort which systematically provides feedback from which the agency can measure its performance against its goals and objectives and redefine, as necessary, those objectives and the priorities for achieving them.

CHAPTER 7

IMPROVEMENTS NEEDED IN THE

BUDGET PREPARATION AND ANALYSIS PROCESS

The budget is the Commission's short-term plan of future activity. As such, the budget process can be an important part of management planning and control. However, problems in the Commission's budget preparation and review process reduce its value as an effective management tool. These problems are

- lack of sufficient data to assess resource needs,
- no Commission-wide analysis of existing resources,
and
- the absence of Commission-wide performance analysis.

IMPORTANCE OF THE BUDGET TO EFFECTIVE MANAGEMENT

The budget process is an important element in the planning and control systems of most organizations. The goals and objectives in the budget should reflect the organization's short-term plans. Management control is exercised by comparing actual performance to these goals and objectives. The budget supplements other control mechanisms, including management information systems and program evaluation.

Overall, the budget process aids effective management by providing

- a plan to achieve the activities outlined for the agency during the coming fiscal year,
- information on where and why an organization spends resources,
- a tool to measure variances between actual and budgeted costs, and
- an instrument to establish accountability among managers, thereby increasing productivity and efficiency.

THE BUDGET PREPARATION PROCESS

The Commission's budget cycle covers about 30 months from the beginning of budget preparation to the completion of the fiscal year. Preparation begins in March, about 18 months before the fiscal year. The draft budget is completed in May and approval by the Commission occurs in July or early August. It is sent to the Office of Management and Budget in the zero-based budgeting format 1/ in September. After the Office of Management and Budget's evaluation, the budget is returned to FCC for revisions and it is rewritten in the congressional format. 2/ The Commission submits it to the Congress in January and the fiscal year begins on the first of October.

Bureau role

The budget justification is prepared by each bureau and office and is generally subdivided among divisions and branches on a program 3/ basis. The divisions prepare narratives describing mission, goals, objectives, and recent accomplishments for their program areas and determine resource needs based on workload projections for the next year. The need for new positions is based on the assumption that current resources produce near their maximum and more resources are required to appreciably raise output.

Each bureau and office's budget is completed in the Chief's office. In the case of the bureaus, the Assistant Bureau Chief for Management directs the preparation, justification, and presentation of backup material. The bureau chief then reviews the budget before it is sent to the Financial Management Division for inclusion in the Commission's budget.

1/The format describes each program at several funding levels and ranks each level according to its priority.

2/This format describes each program at the level of funding approved by the Office of Management and Budget.

3/The functions of each bureau and office are divided into broad program areas. The Common Carrier Bureau, for example, has five programs--Economic Research and Analysis, Accounting and Audits, Rate and Service Regulation, Authorization of Services and Facilities, and International Programs.

The Executive Director's central budgetary role

The Financial Management Division in the Office of the Executive Director has various Commission-wide responsibilities associated with budget preparation and review. It provides overall direction on budget preparation to the bureaus and compiles the bureaus' estimates to create the Commission's budget. Additional responsibilities include

- budget planning;
- transmission of Office of Management and Budget policy guidance to the bureaus;
- program review including analysis of actual budget performance versus expected performance; and
- execution of the budget, i.e. controlling and accounting for expenditures during the fiscal year.

The Financial Management Division also analyzes the bureaus' justifications for new positions and resources requested. In fiscal year 1980, the bureaus and offices requested 493 new positions in 32 program areas. ^{1/} The Division's recommendations concerning the bureaus' resource needs are submitted along with the bureau requests to the Commission. In the past two years, the Commission, in approving bureau requests, has closely followed the Financial Management Division's recommendations.

The Chairman's and Commissioners' roles in budget preparation

The Chairman is involved with all phases of the Commission's budget preparation. At the beginning of each budget cycle, in March, the Chairman discusses with the Office of the Executive Director resource and program needs that should be addressed in the next budget. In May, the Chairman and the Executive Director discuss bureau and office requests for new positions and resources. According to the Chief, Financial Management Division, the Chairman's views are obtained on the appropriate level of new positions and resources to request in the budget submission to the

^{1/}After completing its review, the Commission requested 118 new positions from the Office of Management and Budget. The Office approved 5 additional positions for FCC in fiscal year 1980.

Office of Management and Budget. However, firm decisions are not made at this time.

Based on the Chairman's guidance, the Office of the Executive Director analyzes the bureaus' requests and prepares its recommendations. The Chairman reviews the proposed budget and it is then prepared for Commission action. According to the Chief, Financial Management Division, before the budget goes to the Commission for approval, the Office of the Executive Director sends it to each Commissioner and is available to brief them on its content. This is the only time the Commissioners become directly involved in the budget preparation process. The Chief, Financial Management Division, stated the Commissioners do not generally request revisions to the Office of the Executive Director's recommendations.

MANAGEMENT SHOULD IMPROVE THE BUDGET PREPARATION AND REVIEW PROCESS

To evaluate its resource requirements, FCC should develop sufficient data to measure how well its activities are performed. Also, the budget review and analysis process should include an evaluation of the continuing need for existing resources allocated to each program and should link each program's accomplishments with goals and objectives established for it in the budget. This would increase the value of the Commission's budget process in planning, controlling and justifying resource needs.

Lack of performance measurement to justify resource needs

The Commission does not have a method to measure performance. It, therefore, lacks sufficient information to assess its performance, project its workforce needs, and justify its staffing requirements to meet the projected workload in the budget. Three performance measurement techniques which could be adopted to provide this information are work measurement, unit cost, and productivity indexes.

Work measurement

Work measurement is the conversion of a quantitative statement of workload to a quantitative statement of the staff used to produce that workload. Work measurement data consists of stating quantities of work performed in terms of hours consumed as compared to a standard of production. For example, if the standard for a particular license in the Commission is 100 licenses per hour and 94 licenses are produced, work is being done at 94 percent of standard.

There are two major categories of work measurement techniques available:

- Engineered work measurement techniques set a specific amount of time per resource for a specific job, considering method, working conditions, and a designated degree of expected worker diligence and utilization necessary to achieve such a performance. Specific techniques include time study and work sampling.
- Historical work measurement techniques attempt to establish a relationship between past performance and time usage. Statistical analyses and estimates based on technical judgment are the basic techniques used for estimating this relationship.

Work measurement systems can contribute to effective management decisionmaking by providing data on the time spent performing a task as compared to a standard. With this information, managers can decide such things as how many people will be needed to perform predicted future workloads and whether work performed has been accomplished efficiently.

Unit cost

Unit cost is the cost of resources used to produce a unit of output. In FCC the unit cost for a particular class of license could be computed by comparing its total processing cost against the related number of licenses issued during a given period. Unit cost is important because it allows managers to compare the resources used with the target of what should have been used. The variances can be interpreted as a measure of success or failure or to indicate that employee performance has been good or bad.

Productivity indexes

Productivity indexes are measures of the final physical outputs of an entire organization (or component) divided by the physical input, which can be consistently computed from year to year. For example, in the Broadcast Bureau a productivity index would involve the ratio of total output of a particular class of licenses to the total staff hours of input. A base year could be established and each year the index would be computed in relation to this base year.

These three performance measurement techniques at FCC would

- enable its managers to review trends in overall productivity from year to year on a consistent basis;
- reveal results of all past actions to improve productivity, including changes in organization and systems and upgrading employee skills through training;
- reveal emerging trends and permit its managers to influence those trends; and
- be useful at various stages of its budget process to (1) project resource needs based on outputs, (2) provide better information on the unit cost trends of alternative services, (3) make possible a rational selection of improvement goals, and (4) provide a progress report on how the goals are being achieved.

A performance measurement system would also provide quantified data on the use of present resources which could be used to evaluate bureau requests for new positions and resources. The Office of the Executive Director's current process for evaluating bureau requests for new resources is based on the assumption that most activities are staffed to meet current workload demands. When the workload increases or new projects are started, an increase in the existing staff level is considered a reasonable alternative.

The information provided to the Office of the Executive Director by the bureaus, in addition to the budget documents, is primarily a list of new positions by location, occupation, and grade level. Generally, the bureaus do not submit a separate justification to the Office of the Executive Director describing the rationale for the new resources requested. Quantified data is limited to overall statistics for each program, such as pending workload for license renewals, recent output, and current staff levels. 1/

The Financial Management Division reviews each request for a new position by program area and discusses specific

1/According to FCC's Executive Director, for the 1981 budget, bureaus will also be required to submit "workload/productivity charts" for certain application processing programs. These charts show the number of applications received, disposed of, and pending each year from 1972 to 1981 and each year's "productivity"--the number of work years spent on the program divided by the number of applications disposed of each year.

needs with the bureau staff. According to its Chief, the Financial Management Division attempts to compare output against staff years expended. He indicated this system was less refined than formal work measurement techniques. He believes better output and productivity information is needed from the bureaus, particularly for licensing activities.

Commission-wide budget analysis
is needed for existing resources

The Financial Management Division has Commission-wide responsibility for technical review and analysis of each bureau's budget estimates. As indicated, the Division's analysis is limited to the bureau's requests for new positions and resources; it does not reevaluate the need for existing positions and resources. The Chief, Financial Management Division, stated that workload demands on his budget staff precludes such an effort. However, unless independent analysis of all resources is performed, programs with excess resources may not be identified and corrective action taken, and new programs and growth in existing programs may not be properly funded. For example, the bureaus and offices requested almost 500 new positions in more than 30 program areas for fiscal year 1980. By evaluating not only the need for new positions but also existing positions, FCC would be in a more positive position to reallocate resources among programs.

Absence of performance analysis

Performance analysis compares the goals and objectives established in the budget to actual accomplishments by bureau managers. For example, the Broadcast Bureau estimated it would dispose of 17,877 applications during fiscal year 1980. Performance analysis involves determining if this output was reached and the rationale for any differences between estimated and actual performance.

This Commission-wide function is a responsibility of the Financial Management Division in the Office of the Executive Director. According to the Division Chief, the Division does not perform this type of analysis because of higher priority work.

We believe this type of analysis is important to an effective budgetary control system. For goals and objectives to be more than idle promises, actual performance must be reviewed against budget expectations at regular intervals and variances analyzed. This information can assist in pointing out problem areas in organization, in the efficiency of managers, and in planning.

Performance analysis requires that short-term budget objectives be well prepared. Objectives should possess five characteristics. They should be reasonable, measurable, achievable, specific, and timebound. Objectives that do not possess these characteristics cannot be compared with accomplishments to assess performance.

CONCLUSIONS

The budget process is an important tool in management planning and control. It reflects FCC's short-term plans and allows control of program achievements by comparing the plans with accomplishments.

The Commission's management effectiveness would be increased by strengthening two important elements of the budget preparation and analysis process. First, performance measurement techniques should be developed to provide sufficient data to justify staff requirements in each program area. Second, the Commission-wide budget review and analysis process by the Office of the Executive Director should be expanded to include an evaluation of the continuing need for existing resources in each program area and an analysis to link prior plans directly to managers' actions--performance analysis--thereby stimulating greater accountability for the budget's stated goals and objectives.

RECOMMENDATIONS TO THE CHAIRMAN, FCC

We recommend that the Chairman:

- Use performance measurement methods in the Commission's budget process.
- Expand the Commission-wide budget analysis process to include performance analysis and analysis of existing resource allocations.

CHAPTER 8

WEAKNESSES IN PERSONNEL MANAGEMENT HAVE

HAMPERED EFFECTIVENESS

Personnel management is the recruitment, selection, development, and utilization of human resources by an organization. Its success can be evaluated in terms of its contribution to the effectiveness with which an organization attains its particular goals.

Personnel management at FCC, however, has not contributed to the most efficient and effective use of the agency's human resources because:

- A Commission-wide work force planning program does not exist to evaluate and plan FCC's long-range staffing needs and guide FCC efforts to improve the capabilities of both new and existing staff.
- A long standing problem of effective utilization of engineers and lawyers has not been addressed in a comprehensive and satisfactory manner.
- An upward mobility program has not been implemented for lower level employees to enable them to move into higher level positions.
- Training needs throughout FCC have not been evaluated to ensure the effective development of staff resources and achievement of FCC organizational goals.
- No executive development program has been developed to assure FCC of having a sufficient number of qualified people to meet both its present and future needs for executive leadership.

Several factors have contributed to FCC's problems in personnel management, including the inability of FCC's Personnel Division, located in the Office of the Executive Director, to effectively exercise its responsibilities in planning, organizing, implementing, and administering personnel management programs and practices and insufficient support of personnel management programs by top management (FCC's Chairman and bureau chiefs). As a result, personnel management at FCC is not a cohesive, concerted institutional endeavor.

To improve FCC's personnel management practices, the following programs are needed: a work force planning program,

which would enable FCC to forecast its future staffing needs; an upward mobility program, which would provide employees below the GS-9 level with a systematic means for advancing from lower level positions; and an executive development program, which would identify, nurture, and promote FCC's internal managerial talent.

RESPONSIBILITIES FOR PERSONNEL MANAGEMENT

Authority for personnel management at FCC is delegated by the full Commission to the Chairman, and personnel management responsibilities are assigned to managers and supervisors at all levels throughout the agency.

In carrying out his overall responsibility for day-to-day administration of personnel management, the Chairman is assisted by FCC's Executive Director, who is in turn responsible for recommending manpower policy to the Commission and coordinating manpower planning with long-range strategic planning. 1/ More specifically, the Personnel Division is responsible for planning, organizing, implementing, and administering the Commission's personnel management programs, including the recruitment, employment, selection, placement, and promotion of FCC staff; position management; manpower utilization and classification; manpower planning; and development and training.

Reasons for problems in personnel management

We found that problem areas in FCC's personnel management programs and practices can be attributed to such factors as the Personnel Division's lack of a full-time personnel director during the past 3 years and the concurrent failure since 1976 to fill the position of Deputy Personnel Director. This lack of effective full-time management over such an extended period deprived the Personnel Division of proper leadership and direction; diminished its institutional role and effectiveness; and resulted in indecision and inaction in a number of important areas, including analysis of staff utilization and development and implementation of an upward mobility program, manpower planning, and executive development.

1/Chapter 4 defines strategic planning and discusses FCC's failure to establish a comprehensive planning process.

Another factor contributing to problems in personnel management is the inconsistency with which the personnel programs are administered at the bureau level. According to current FCC personnel policy guidelines, bureau and staff office heads have the primary responsibility for personnel management. However, bureaus and offices operate autonomously in discharging personnel management responsibilities without central guidance from and evaluation by the Personnel Division in such areas as agency planning of its future staffing needs, training, and upward mobility. 1/

Although the Personnel Division is in a unique position to centrally plan, organize, implement, and administer personnel management programs, the Division has not taken advantage of its organizational position to ensure the most efficient and effective use of FCC's human resources. Both personnel and FCC officials recognize that weaknesses exist in FCC's personnel management because the Personnel Division has not exercised a leadership role. The recent appointment of a Personnel Director to head the Division and an Assistant Executive Director, one of whose responsibilities will be to evaluate FCC's training and executive development efforts, represent long overdue initiatives by which FCC may begin to remedy serious deficiencies in the personnel management area.

LACK OF AN FCC-WIDE WORK FORCE PLANNING PROGRAM

Work force, or manpower, planning is the process of planning the total human resources required by an agency to do its future work. As such it plays a vital role in the agency's overall planning, budgeting, and use of resources; in maintaining and improving the quality and efficiency of the agency's work force; and in integrating personnel processes with each other and with the total management system of the agency.

The essential features of a work force planning program are forecasting personnel needs over a given number of years, analyzing current employee skills in the organization, determining the mix of skills needed by the organization in the future, and developing plans to fill positions anticipated for the future through new hires and training of present personnel.

1/Chapter 3 discusses problems stemming from the independence and autonomous behavior of FCC bureaus and offices.

According to Office of Personnel Management guidelines, work force planning is the joint responsibility of agency program managers and the agency's personnel office. At FCC, responsibility for work force planning is assigned to the Personnel Division's Manpower Development Branch and to bureau and staff office heads. As part of the Office of the Executive Director, the Personnel Division is responsible for directing FCC-wide manpower planning efforts and for integrating manpower planning with FCC's long-range plans and goals. 1/ Bureau and staff office heads are responsible for planning their short- and long-range manpower requirements in terms of numbers, skills, and grade levels of employees.

Work force planning

Despite the importance of work force planning, FCC has no such agency-wide planning program and no central coordination of bureau and office work force estimates is performed. Current work force planning efforts occur only as part of the annual budget process. After budget approval, FCC's Personnel Division makes short-range recruitment plans for hiring additional personnel. 2/ Neither bureau management nor the Personnel Division, however, plan for FCC's long-range personnel requirements.

One official in the Office of the Executive Director commented that "planning for more than two years at a time is a waste of effort for an agency as small as FCC." According to this official, FCC's current "basic efforts" in work force planning are adequate and more sophisticated techniques, as practiced in larger agencies, are not appropriate for an agency of FCC's size.

As an example of how manpower planning is currently conducted at FCC, we found that the Common Carrier Bureau management plans only the Bureau's short-range staffing requirements in the context of the annual budgetary process. The Bureau's Tariff Division, for instance, limits work force planning to estimates of personnel needed to handle the next year's workload.

1/Chapter 4 discusses the absence of a long-range planning process at FCC.

2/Chapter 7 discusses the need for performance measurement techniques to, among other things, project work force needs based on workload projections.

There are no long-range work force plans in the Common Carrier Bureau related to the Bureau's and FCC's future needs as an organization. Long-range plans would define the proper mix of skills required by the Common Carrier Bureau to effectively contribute to FCC's mission. According to one Bureau official, the absence of planning in the Common Carrier Bureau has resulted in a mismatch between the Common Carrier Bureau's legally oriented staff and the Bureau's overall responsibility to make economic decisions.

Action needed by the Personnel Division to direct and coordinate work force planning

The Personnel Division has not effectively discharged its responsibility for directing an FCC-wide planning program. Instead of directing and coordinating the bureaus' work force planning efforts, the Personnel Division takes an ad hoc, reactive approach. Personnel officials spend much of their time responding to routine requests for statistical information from other FCC bureaus and offices on such matters as FCC work force composition (by grade, skill, etc.), female and minority representation in the workforce, and similar analyses. One official in the Personnel Division told us that the Division has only a "piecemeal view" of how the bureaus determine their staffing requirements. Recent efforts to hire more economists at FCC illustrate the Personnel Division's minimal role in Commission decisionmaking. A responsible official in the Personnel Division learned of this new emphasis in recruitment and hiring only through published reports. He said he received the information secondhand because the Personnel Division is not privy to discussions between the Chairman and bureau management.

FCC's current work force planning efforts do not constitute a centralized program which plans the total human resources required to accomplish its organizational mission. A comprehensive work force planning program is needed to (1) forecast long-range personnel requirements, (2) coordinate assessments by bureaus and offices of their staffing needs, and (3) determine the mix of skills required by FCC to effectively respond to a changing technological environment.

IMPROVEMENTS NEEDED IN UTILIZING ENGINEERS AND LAWYERS

The duties and responsibilities of each staff position should be met by persons with appropriate occupational skills. This matching of positions with skills ensures an economical and efficient utilization of resources and may improve productivity and morale.

FCC relies extensively on engineers and lawyers in staffing its work force. As of January 1979, lawyers constituted approximately 15 percent (324) of FCC staff and engineers approximately 17 percent (373). Overall, professional occupations 1/ comprised 37 percent (802) of FCC's 2,135 filled positions. Lawyers and engineers represented 40 percent and 47 percent, respectively, of the professional positions.

Past studies have highlighted the need for FCC to ensure that its engineers and lawyers are utilized effectively. We found that FCC has given little attention to this concern, and today this situation remains essentially unchanged from that described and criticized in the past.

Limited efforts to improve
utilization of engineers and lawyers

In 1973, the Civil Service Commission issued a report on personnel management at FCC. This report found a persistent problem regarding the utilization of lawyer and engineer skills. The Civil Service Commission concluded that FCC needed to carefully reevaluate its overall staffing practices, closely examine its work processes and organization, and review job requirements.

In responding later that year, FCC informed the Civil Service Commission that it would conduct an agency-wide utilization review of engineers and attorneys. The FCC response said in part:

"* * * we have developed an on-going productivity study of the Commission's operations with the view of improving the efficiency of work processes and overall economy of operations. We plan to continue this activity by establishing in the Financial Management Division a manpower utilization program to conduct detailed analyses of various types of work and operations in the Commission with the objective of developing a more direct and reliable relationship between work output and manpower resources requirements. For a number of months we have been recruiting two manpower engineers who are qualified to form the nucleus of the Manpower Engineering Teams."

1/Defined by FCC as lawyer, engineer, accountant, physical scientist, operations research analyst, physicist, economist, actuary, statistician, and librarian.

FCC stated a review would be undertaken soon after the manpower engineering teams were staffed. However, according to the Chief, Financial Management Division, the manpower study teams were never assembled and the agency-wide review of utilization of attorneys and engineers was never performed. Neither he nor other officials were certain why this occurred; one official attributed the lapse to a loss of momentum when the primary official advocating this approach left FCC.

The Personnel Division responded to the Civil Service Commission's findings in a limited way by reviewing attorney and engineer utilization on an informal and unsystematic basis, as the demands of their other responsibilities permitted. The results of these limited manpower utilization studies were most apparent in the Field Operations Bureau where several engineering positions were replaced by technician positions.

Underutilization of engineers and lawyers still a problem

The above efforts did not eliminate FCC's underutilization problems, as shown by the findings of a 1977 Civil Service Commission followup report on FCC's personnel management practices. This report concluded that the effective utilization of lawyers and engineers continued to be a matter of concern. The report found that there appeared to be confusion on the part of some managers regarding the proper number and mix of professional and nonprofessional employees and the kinds of work to be performed by each group.

During our review, the Civil Service findings were confirmed in discussions with Commission managers and staff. They believed that lawyers and engineers continue in many cases to perform tasks which do not require their level of skill and training. Staff attorneys in one bureau stated that legal skills were required for many aspects of their jobs. However, several attorneys mentioned assigned tasks which do not involve legal analysis and for which an attorney's skills are not needed. Examples of such tasks include verifying information on license applications to FCC records and certain types of data review and analysis. The attorneys believed these types of duties do not represent the most effective use of their time and that their productivity would be improved if these tasks were performed by competent nonlegal staff.

According to one office chief, more attention should be given to the effective utilization of attorneys in the bureaus. He believes there is a tendency to overstaff with attorneys and that a detailed management review is needed to determine the skills required for particular jobs.

One bureau chief told us that the Commission's use of attorneys has not been very efficient. The Commission uses attorneys, he said, to process licenses where legal training is not important. He asserted that the potential exists for greater use of paraprofessionals in this area and was disturbed about some of the starting positions of a routine and undemanding nature for which law school graduates are recruited.

Another bureau chief said there are many places in his bureau where the staff does not match the job requirements as well as could be done. He attributed this to the large number of attorneys in a bureau which is basically involved with economic rather than legal decisions. An assistant bureau chief stated that this bureau has more attorneys than it needs and many are being severely underutilized. He believed this happened because historically it has been easier to hire attorneys than other categories of employees. He said that there is potential for greater use of paraprofessionals in the law and engineering areas but that this potential has not been explored due to a lack of resources in the bureau and in the Commission.

A third bureau chief stated there is some underutilization of staff in his bureau but that "the problem is not rampant." He believed there was some underutilization of engineers doing radio licensing work; he felt a good technician could do this work. Another manager in this bureau stated that too many position descriptions are written strictly for attorneys. He said that in one division attorneys are not doing legal related work. The chief of this division said that some of the work is easy for attorneys but they are needed because they have the capacity to evaluate all types of cases. He said that if he thought it would work, he would transform some attorney positions into paralegals, but he maintained that there is not enough work for a separate paralegal staff.

Within the Office of Chief Engineer, a division chief told us there are some instances of underutilization of engineers. He said, however, that it is a question of "if you don't have the engineers, you don't have the technical expertise when the data needs more than routine interpretation and analysis." He added that engineers largely do technical analysis, but he believes there are areas in the

office where technicians could probably be used in place of engineers. He also noted that the only way to solve this situation is through attrition, i.e., replacement of engineers with technicians as vacancies occur.

In view of these repeated and long standing expressions of concern regarding the effective utilization of attorneys and engineers within FCC, we believe that there is a need to systematically evaluate the duties and responsibilities of professional positions agency-wide. Such an evaluation can be performed most effectively by a team of manpower specialists assembled specifically for this purpose, as FCC originally proposed in 1973. The potential for significant cost savings as well as improvements in upward mobility and morale exist in matching work requirements more closely with skills and training.

ABSENCE OF A FORMAL
UPWARD MOBILITY PROGRAM

According to the Equal Employment Opportunity Act of 1972 and Office of Personnel Management rules, Federal agencies are obligated to establish training and education programs for the upward mobility of lower level employees 1/ who are in positions or occupational series which do not enable them to realize their full work potential. Upward mobility, based on job restructuring, or rearrangement of the way work is done in an organization, contributes toward systematic planning and operations, higher morale, and better manpower utilization.

Although FCC's management has cited individual instances of upward mobility in which employees have advanced, few efforts have been made to implement a full-scale upward mobility program. Currently, the establishment of an upward mobility program is a responsibility assigned to the Personnel Division; the Director of Equal Employment Opportunity, also located in the Office of the Executive Director; and bureau and office chiefs. For an upward mobility program to be effective, it must have the support of all agency managers, particularly bureau managers.

1/Lower level employees are defined by the Office of Personnel Management as those below GS-9 or equivalent.

No FCC-wide upward mobility program

At present, FCC's informal efforts at upward mobility cannot be defined as a formal, agency-wide program. Such a program does not exist due to lack of support by bureau and office heads. FCC's present efforts in providing upward mobility opportunities for employees are spotty and unsystematic. Important elements in any upward mobility program, according to the Office of Personnel Management, are the identification of "bridge" positions, which will provide work experience to prepare employees to perform the duties of advanced "target" positions; methods of selection for upward mobility opportunities, which are compatible with merit selection principles; and a training plan to supplement work experience in preparing employees for target positions.

We found that none of the above elements are present at FCC. FCC's Equal Employment Opportunity Director has requested bureau and office heads to set aside positions for employees to receive bureau work experience in preparation for the duties of more advanced positions. However, bureau and office heads have not set aside positions to be used for an upward mobility program. We found that FCC has no procedures for selecting qualified candidates within its merit promotion system. As a result, there is no assurance that lower level employees are knowledgeable of or have equal access to upward mobility opportunities. We also found that FCC does not have a training plan for upward mobility. Such a plan can be a vehicle by which the knowledge, skills, and abilities needed to function successfully in the target positions are explicitly spelled out and their acquisition provided for.

Our conclusion that FCC's upward mobility efforts are inadequate is supported by the agency's internal affirmative action plan for 1979 which stated:

"[Although] some activities within FCC have attempted to integrate upward mobility into their overall staffing program * * * success will not be obtained until an effective and viable Upward Mobility Program is implemented."

From our conversations with officials in the Office of the Executive Director and in the bureaus, we found that many bureau/office chiefs have been reluctant to designate positions for upward mobility purposes. In some bureaus, however, division and branch chiefs commented on the need for an upward mobility program, and one noted that an upward mobility program had not been implemented due to lack of

interest among FCC's bureau management. This attitude was first identified in a 1977 study of FCC's personnel management 1/ which said:

"* * * [there] is no formal upward mobility program because managers have resisted efforts to get them to establish target positions as part of such a program. Presently, each bureau and staff office operates independently on an informal basis in creating growth opportunities for FCC employees. This lack of institutionalization of an Upward Mobility Program is the result of an unsystematized, unplanned, fragmented management approach to this important public policy program."

Attempts to introduce the concept of upward mobility to FCC's bureau management began in 1970 when FCC management attempted to implement what the Executive Director termed "an upward mobility program" at FCC by providing training opportunities to lower level employees. However, a 1973 review of FCC's training programs by the Personnel Division concluded that the upward mobility "program" implemented in 1970 was of minimal value. The review concluded that training available to lower level employees was "not related to job needs or promotion opportunities available to FCC employees."

In 1974, an FCC task force, consisting of the Equal Employment Opportunity Director and representatives from the Personnel Division attempted to formulate an upward mobility program more comprehensive in scope than the training program begun in 1970. The 1974 draft upward mobility program listed possible career ladders, linking low to high skill occupations; and suggested training plans to enable employees to meet the qualifications of a target position. Bureau and office heads were then asked to set aside positions for upward mobility. However, since participation in the program was "voluntary," and not mandatory, bureau and office heads did not feel compelled to give their cooperation or support. Subsequently, the Office of the Executive Director abandoned the effort due to lack of management support from bureau and

1/The 1977 study was completed by the then Civil Service Commission (now Office of Personnel Management).

office heads. 1/ Another program was not drafted until 4 years later. Although a new draft plan for upward mobility was being circulated as of May 31, 1979, for review among top management officials, the present Equal Employment Opportunity Director admits that FCC is still far away from a working upward mobility program.

Moreover, the status of an upward mobility program at FCC is now affected by an additional factor, i.e., the unionization of FCC employees. The new employee union 2/ has requested that FCC management notify employees periodically on such matters as upward mobility training. According to the Equal Employment Opportunity Director, any upward mobility program proposed at FCC henceforth must be agreed upon not only by FCC's top management and by the Office of Personnel Management but also by the union.

Morale problems attributable
to lack of upward mobility

According to division and branch chiefs, the absence of an FCC upward mobility program has negatively affected morale among lower level employees. In the Common Carrier Bureau, a branch chief told us that the personnel in the branch not only evidenced an acute morale problem, but that there was also significant turnover and a decrease in productivity on the part of lower level employees. He suggested that an upward mobility program would enrich jobs, boost morale, and increase employee motivation. Such comments by division and branch chiefs reflect the conclusions of studies by FCC's Personnel Division which have identified morale problems resulting from the lack of an upward mobility program. The Personnel Division's evaluation of the Broadcast Bureau, for instance, stated that many employees feel that the lack of an upward mobility program ensures that they will remain permanently trapped in "deadend" clerical, secretarial, or applications examiner positions.

1/Chapter 3 describes the absence of a strong, central locus of management authority which would coordinate and control personnel management programs such as upward mobility at the bureau/office level.

2/On July 6, 1978, chapter 209 of the National Treasury Employees Union was certified as the representative of the majority of rank and file FCC employees nationwide. A small number of FCC employees in Alaska have been represented since 1968 by the National Association of Government Employees.

To ensure FCC conformance with an important legislative mandate and to enable lower level employees to reach their full work potential, FCC management should act expeditiously to implement a formal agency-wide upward mobility program.

PROBLEMS WITH CURRENT TRAINING EFFORTS

Training is a management tool which contributes to the effective development and utilization of staff resources and to the achievement of an organization's goals. The purposes of training are: (1) developing skills unavailable through existing recruitment sources, (2) improving employee performance of current duties, (3) assisting the upward mobility of lower level employees, and (4) providing employees with the skills, knowledge, and attitudes necessary to accommodate to changing policies, technology, equipment, or mission. 1/

Defined by FCC personnel policy statements as a vital part of good program management, training is the responsibility of supervisors at all levels and of the Personnel Division's Manpower Development Branch. This branch is responsible for determining the overall training needs of FCC, in collaboration with management officials, and developing plans to meet these needs. The Manpower Development Branch is also responsible for developing and/or coordinating specific in-house courses to meet the special training needs of FCC employees, administering and evaluating training efforts, and sponsoring and promoting specific training efforts of general importance and high priority (e.g., upward mobility and supervisory training).

We found that FCC's training program does not formally assess training needs or evaluate the effectiveness of training received by employees. Consequently, FCC does not know whether current training efforts fully sustain and adequately improve the capacities of employees to contribute to a more effective and efficient agency.

The Personnel Division, responsible for determining FCC's overall training needs, does so in an ad hoc fashion. It has not developed a systematic method or comprehensive plan for determining training needs. Determining factors in this process are conversations with supervisors and informal surveys of employee interests rather than formal identification of training needs based on such accepted techniques

1/The need for increased emphasis on management training and executive development, as distinguished from technical and other job related training, is discussed in chapter 3.

as turnover, merit or performance ratings, suggestions from formal training advisory committees and analyses of cost.

Training effectiveness not measured

While the Personnel Division is responsible for evaluating training efforts, there is no overall or systematic evaluation of the effectiveness of training received by employees. Studies by the Personnel Division merely examine whether supervisors encourage employees to take advantage of training opportunities and whether employees believe that they have received adequate notification of training offered either by FCC or by other agencies. We found that, with the exception of a few recent and limited studies of training done at the division level, the Personnel Division does not systematically evaluate whether employees are provided with the skills, knowledge, and attitudes necessary for them to accommodate to FCC's changing policies, technology, equipment, or mission.

Two studies at the division level, performed respectively by an internal task force and by an outside consultant, described instances in which employees lacked the skills and knowledge which would contribute to FCC's objectives. An October 1978 study of the Industrial and Public Safety Facilities Division of the Safety and Special Radio Services Bureau recommended that new employees receive formal classroom training in basic processing methods and basic technical information. The study made this recommendation based on examiners' statements that there was no formalized training program for new Division employees. It said that many examiners did not know how the functions of the different FCC and bureau organizations related to each other. Although the Bureau Chief has approved the recommendation for a formal training program, as of April 30, 1979, it had not been implemented by Bureau management.

Another study conducted in 1977 by a private consultant criticized the extent and type of training provided to employees in the Data Automation Division. The study concluded that over the previous 4 years, the Data Automation Division had provided training to its staff of 100 people in a broad range of topic areas but had not provided adequate depth in certain areas to managers and computer specialists who comprise 65 percent of the Division's personnel. The study also noted inadequacies in the types of training provided to such highly skilled staff. Managers and computer specialists-- personnel with special training needs--did not receive training in analysis of systems feasibility or cost/benefit analysis, skills necessary for them to effectively carry out their responsibilities.

Need to better plan
and evaluate training

The Personnel Division's ad hoc approach to planning and evaluating FCC's training program needs to be improved in order to assure that the skills of FCC employees are fully developed to contribute to a more effective and efficient agency. The new employee union has already made recommendations for evaluating current training efforts which could lead to improvements in the training process. The union has called for education and training of FCC employees to improve organizational and individual performance. It has also called for the representation of employees in the formulation of training programs through an advisory training committee consisting of management and employee representatives. This committee would make recommendations to FCC on present training, suggestions for additional training, need for training as a result of reassignments and changes in law, as well as needs for refresher training.

We believe that FCC should comprehensively plan its training efforts and systematically evaluate their effectiveness. By regularly scheduling evaluations of training, FCC will be better equipped to plan future training programs. A planning and evaluation cycle is needed for the Commission to effectively determine the extent to which training has prepared FCC employees to contribute to the agency's regulatory mission.

NO PROGRAM EXISTS FOR DEVELOPING
A MANAGEMENT STAFF OF HIGH
PROFESSIONAL COMPETENCE

Programs for the development of managerial and executive personnel are intended to increase an organization's present and future capability for attaining its goals. To assure organizational effectiveness, managers direct the work of an organization; are held accountable for the success of specific line or staff programs, projects, functions, or activities; and monitor the progress of the organization toward its goals. Executives not only exercise managerial duties and responsibilities, but play a significant role in shaping overall program policy and monitoring the effectiveness with which subordinate managers shape their programs and goals to conform with agency policy.

According to Office of Personnel Management guidelines, the elements critical to the success of an executive development program are:

- Commitment by top management.
- Forecasting and planning that link executive development to mission accomplishment.
- Developmental plans detailing work assignments and formal training for incumbent executives and for mid-managers of high potential.
- Program evaluation to provide feedback on the effectiveness of the executive development program.

FCC does not have an executive development program such as that described above. With the exception of what are called "developmental plans" for incumbent executives, none of the elements critical to a successful executive development program are present at FCC. As a result, FCC is unable to effectively identify, nurture, and promote managerial talent already within the agency. One bureau official described FCC's executive development program as "an illusion created to meet Civil Service Commission paperwork requirements."

FCC's past efforts to plan
for its "executive resources"

During the past two decades, FCC has periodically faced shortages in its executive ranks because it has not prepared for the retirements of FCC officials in key management and executive positions. In 1962, an organization management survey by a management consulting firm showed the number of officials eligible for retirement between 1962 and 1965. Although their impending retirements were not a critical issue, the study noted that it was necessary for FCC to keep fully informed on prospective retirements of senior personnel so that adequate and timely arrangements could be made to avoid extended vacancies in important positions.

Ten years later, in 1972, another outside review of FCC management identified heavy retirement loss in senior positions as one of FCC's most pressing management problems and suggested that FCC develop an overall manpower and development plan, with an emphasis on executive development. In response, in 1973, FCC contracted with a private consulting firm to study the development of an agency-wide manpower and executive development plan. To enable FCC's executive management resources to function effectively, the contract study concluded that a long-range executive management and development program should be implemented to assure a

continuing supply of qualified managers and executives for the agency. 1/

In response to the consultant's recommendations, FCC established, in 1973, a Manpower Development Branch within the Personnel Division. The new branch was charged with formulating and implementing an executive development program. Although the Manpower Development Branch drafted a plan for executive development in 1977, no action has been taken to implement this plan, and FCC today is still without an executive development program. According to an official in the Office of the Executive Director, the draft plan is still in abeyance, due to lack of direction by responsible officials in the Personnel Division. As a result, there is no identification of candidates with high potential for managerial positions who can be prepared to assume progressively more responsible managerial and executive positions.

FCC's Executive Director acknowledged that the agency's executive development efforts are ad hoc in nature and not as structured or developed as in some other agencies. FCC's Personnel Division currently receives "individual development plans" for FCC managers prepared by them in collaboration with their supervisors. These plans are periodically prepared schedules of developmental experiences, including both work assignments and formal training. The Division also processes requests for training courses open to managers and supervisors offered both in-house through FCC's Training Office and externally through such long-term developmental programs as the President's Executive Interchange Program, Industrial College of the Armed Forces, Federal Executive Development Program, and Fellowship in Congressional Operations.

This piecemeal approach, however, has resulted in inadequate preparation of employees to assume managerial positions. For example, only 62.7 percent of FCC's current managers and supervisors have even met the Office of Personnel Management's 80-hour minimum training requirements for new managers and supervisors. Bureau officials throughout the Commission identified the absence of an executive development program as a major management problem. One official in the Private Radio Bureau criticized the promotion of professionals to managerial positions without providing such employees any managerial development. Another official in the Private Radio Bureau criticized FCC's failure to focus

1/Arthur D. Little, Inc., "FCC Manpower and Executive Development Plan," May 1973.

on executive development before an individual becomes an executive. As an example of the lack of attention given to identifying and developing managers within the Commission, the Office of Chief Engineer's International Operations Division in 1971 was left without experienced managers in key positions after the unexpected deaths of two senior employees. FCC found in their absence that few employees in the division or elsewhere in the agency possessed experience in planning for international conferences.

In the Common Carrier Bureau, the absence of an executive development program has meant that key positions in the Bureau have not been "backstopped," as one Bureau official put it, to avoid discontinuity in Bureau operations when officials in key management positions leave. In this respect, a Commissioner stated that numerous problems resulted from the departure in 1978 and 1979 of several top management officials in the Common Carrier Bureau: the Bureau Chief, the Deputy Bureau Chief, the Chief of the International Programs Staff, and the Chief of the International and Satellite Branch within the Facilities and Services Division.

We believe that the implementation of a comprehensive and systematic executive development program such as that outlined by the Office of Personnel Management is called for immediately. Such a program is needed to identify and train individuals with an interest in and aptitude for management, thereby assuring effective direction of FCC's programs presently and in the future.

CONCLUSIONS

An effective personnel management program is a vital part of good program management. It contributes to the effectiveness with which an organization achieves its particular goals. FCC personnel management practices, however, have not fully contributed to the agency's accomplishment of its organizational mission. Current problems in personnel management have resulted in part from the absence of full-time leadership in the Personnel Division and the Division's consequent failure to discharge its responsibilities in a number of areas.

Work force planning, a vital function of agency management, should play an important role in planning the total human resources required by an agency to do its future work. FCC has no agency-wide work force planning program which forecasts long-range personnel requirements and coordinates assessments by bureaus and offices of their staffing needs. Current work force planning estimates are short-range

in nature and occur only as part of the annual budget process. Consequently, FCC does not currently have a mechanism enabling it to effectively respond to changing technological demands.

FCC also should improve the utilization of its engineers and lawyers. Although concern about the effective utilization of these professionals has been frequently expressed by FCC officials and independent studies, there are indications that these two large occupational groups continue to perform tasks which do not always require their level of skill and training. We believe the duties and responsibilities of all positions must be thoroughly evaluated with initial emphasis on engineer and lawyer positions. FCC planned to form a team of manpower specialists for this purpose in 1973, but did not do so. Such an approach was sound then and remains so today.

Although upward mobility programs are legislatively mandated, FCC has not yet established a formal training and education program enabling lower level employees to realize their full work potential. While some informal upward mobility opportunities exist at FCC, not all lower level employees are knowledgeable of or have equal access to these opportunities because they are made available only randomly and unsystematically. The absence of a formal, structured upward mobility program at FCC has contributed in part to low employee morale and, according to some officials, to lessened productivity.

Training, an important management tool, contributes to the effective development and utilization of staff resources and to the achievement of an agency's goals. At FCC, however, there is no formal assessment of training needs and little evaluation of the results of training. As a result, FCC does not know whether its current training efforts are sustaining and improving the capacities of its employees to enable them to contribute to a more effective and efficient agency.

An executive development program is essential to assure an agency a sufficient number of qualified people for effective program direction. However, FCC's failure to identify, nurture, and promote managerial talent already within the agency has meant that the Commission is not assured that fully qualified individuals will occupy managerial and executive posts and, thereby, assure progress toward attainment of FCC goals.

For FCC to remedy its deficiencies in personnel management, effective planning and development programs are needed in the following areas: work force planning, staff utilization, upward mobility, training, and executive development. The Personnel Division should begin to formulate improved personnel management programs in these areas and play an active role in implementing and evaluating such programs. Although the Personnel Division has been weakened by lack of leadership in the past, we believe that the recent appointment of a full-time personnel director is an encouraging sign that FCC will soon be in a position to initiate improvements in overall personnel management.

RECOMMENDATIONS TO THE CHAIRMAN, FCC

We recommend that the Chairman, FCC, improve the Commission's use of staff resources by:

- Establishing a work force planning program, linked to overall organizational planning, which will coordinate bureau efforts to forecast personnel needs.
- Initiating a formal manpower utilization program to systematically examine the effectiveness of professional staff utilization throughout the agency and improve, where necessary, the matching of professional skills and work requirements so as to ensure the most economical and efficient utilization of staff resources.
- Implementing an upward mobility program in accordance with Office of Personnel Management guidelines and the Equal Employment Opportunity Act of 1972.
- Assessing training needs and evaluating the training program periodically.
- Instituting an executive development program to provide FCC with an internal mechanism for identifying and developing employees with managerial talent within the agency.

CHAPTER 9

AUTOMATIC DATA PROCESSING PROGRAM

REFLECTS FCC-WIDE MANAGEMENT WEAKNESSES

Many of FCC's program and administrative operations are supported by its Automatic Data Processing (ADP) program. Computer systems are used to support activities which range from formulating FCC's budget to issuing Citizens Band licenses, to evaluating common carrier depreciation practices. Managing this program effectively will, therefore, not only strengthen FCC's ADP operations but also produce benefits throughout FCC. To improve the management effectiveness of its ADP program we believe that FCC needs to: increase top management involvement in the program, improve its ADP planning process, strengthen the interface between its Data Automation Division and ADP users, improve analysis of systems prior to automation, and improve its systems review procedures.

THE ADP PROGRAM

As the regulator of interstate and foreign communication, FCC receives, collects, and generates vast amounts of information. For example, FCC receives applications for the construction of communications facilities, it produces information in connection with its licensing of broadcast and other radio services, it uses information in formulating its budget and managing its resources, and it collects and analyzes large volumes of information in making its regulatory decisions. To some extent, all of these operations are supported by automated information processing systems.

FCC's ADP program can be traced back to the late 1950s when FCC began to explore the possibility of using computer systems to reduce backlogs in several high-volume areas, such as Citizens Band, Aviation, Marine, and Amateur licensing. While this remains a major function of FCC's data automation activities, the ADP program is also used for purposes such as managing resources and providing information for analysis of regulatory issues.

The ADP program has grown rapidly. From fiscal year 1973 to fiscal year 1979, FCC's total ADP budget increased from \$1.8 million to \$5.7 million, the latter representing about 8.1 percent of FCC's total budget. As of October 1978, over 60 automated systems were operating within FCC and 24 more were under development. Approximately 140 staff years were devoted to ADP activities during fiscal year 1978.

FCC's current plans for using ADP resources ^{1/} include promoting increased diversity in the control and allocation of the frequency spectrum; improving responsiveness to the Congress and the public; enhancing policy evaluation; and using existing automated data bases for regulatory analysis.

MANAGEMENT OF THE ADP PROGRAM

Management of FCC's ADP program is shared among its Executive Director, the Data Automation Division, FCC's bureaus and offices, a Data Automation Panel, and a recently created ADP Steering Committee. Together they are responsible for planning, designing, implementing, and evaluating FCC's ADP activities.

The Executive Director serves as FCC's "Acquisition Executive," responsible for integrating the management process for major systems acquisitions. He also serves as a member of the ADP Steering Committee.

The Data Automation Division exercises primary responsibility for planning, organizing, implementing, and managing FCC's ADP program. The Chief of the Data Automation Division has been designated FCC's ADP administrator. As such his responsibilities include:

- Identifying, analyzing, designing, and implementing automated systems which offer the greatest return on investment to FCC.
- Determining ADP equipment and resource requirements.
- Coordinating FCC-wide ADP planning.
- Administering FCC's ADP budget, including coordinating bureau and office requests.

The heads of FCC's bureaus and offices are responsible, among other things, for

- establishing an ADP planning process to meet long-term mission and administrative requirements;

^{1/}ADP resources include hardware, software, information, and personnel.

- preparing, in coordination with the Data Automation Division, the budget justifications for resources needed to support the bureau's or office's ADP plan;
- developing ADP requirements and submitting requests for ADP services to the Data Automation Division; and
- operating and evaluating the use of internal bureau/office ADP resources.

Within FCC's bureaus and offices, a data automation liaison officer generally serves as the representative of top management on ADP matters. They also generally represent their respective organizations on the Data Automation Panel.

FCC's Data Automation Panel is designed to provide a forum among the Data Automation Division and FCC's bureaus and offices on ADP matters. It also serves as a coordinating body for automation activities which affect more than one bureau.

The ADP Steering Committee, established on September 22, 1978, is composed of three members: the Chief of OPP, who serves as chairman, FCC's Executive Director, and an Assistant to FCC's Chairman. Its functions include:

- Determining ADP system development priorities based on its interpretation of overall FCC objectives. 1/
- Reviewing and approving new system development projects.
- Reviewing and approving 5 year ADP plans and evaluating prior performance against the 5 year ADP plan.
- Reviewing performance on all ongoing systems projects.

1/It is important to note that this committee was established to set priorities for FCC's need for ADP and is asked to do so based on its interpretation of FCC's overall objectives. The various groups interpreting FCC's objectives highlights the need for planning discussed in chapter 4.

EFFORTS TO PLAN AND
EVALUATE ADP ACTIVITIES

In the past 7 years, FCC has funded two studies to improve the management of its ADP program. ^{1/} The first of these, in 1973, provided a cost/benefit analysis of FCC systems requirements and led to the development of a 5 year master plan for systems development. The second, in 1977, analyzed the effectiveness of ADP program management.

The first study developed a detailed evaluation of FCC's present and proposed system requirements, including an analysis of their costs and benefits to facilitate FCC decision-making on ADP matters. The study also recommended that a 5 year master plan for systems development and data processing be developed for Commission approval.

FCC officials told us, however, that FCC's ADP systems have generally not been developed in line with those recommended, but are determined by FCC's bureaus and offices and the Data Automation Division.

FCC did, however, in 1973 prepare its first formal 5 year ADP plan and since that time a new plan has been prepared annually.

The plan includes:

- Statements of ADP program objectives, responsibilities, and policy.
- An overview of FCC's ADP resources.
- Brief descriptions of the computerized systems in use, being developed, and planned.
- A schedule for systems development and other projects to be undertaken during the next 5 years.

The 1977 study was designed to evaluate the effectiveness and efficiency of FCC's ADP program and to make specific recommendations regarding how FCC could increase both the effective and efficient use of its ADP resources. The study

^{1/}Touche Ross & Co., "Cost Benefits Analysis of Commission System Requirements," (Jan. 19, 1973).

Touche Ross & Co., "Management Audit of the Effectiveness and Efficiency of the FCC's ADP Program," (Dec. 30, 1977).

stated that, overall, FCC's ADP program had made "significant achievements" over the previous 4 years--noting that increases of 26 percent in systems and programming staff years had been accompanied by increases of over 100 percent in new systems implemented and new computer programs written. It also pointed out, however, that the great majority of systems had missed their 5 year plan target dates. In addition, the study found that FCC had implemented few of the approximately 40 systems which had been identified in the 1973 cost/benefit analysis.

The study also cited management problems which had reduced the effectiveness and efficiency of the ADP program. Specifically, it pointed out the lack of guidance and control of the ADP program by FCC top management and the lack of adequate interface between the Data Automation Division and user bureaus and offices. The study also pointed out weaknesses in the ADP planning process and in systems justification and review procedures.

Using the second study as a starting point for our review, we found that while FCC has taken certain actions in response to the study's recommendations, problems still exist in the following areas:

- Top management direction and control.
- ADP program planning.
- Interaction between the Data Automation Division and user bureaus and offices.
- Analysis and review of systems requirements.

Lack of top management involvement

To ensure that an agency's ADP activities are consistent with its overall objectives, it is important for high level officials to take a comprehensive view of ADP management. Specifically, it is important for top agency management to be involved in setting ADP objectives, strategy, and priorities and in controlling and reviewing program performance.

We found, however, that the Commission does not set objectives and priorities for the data automation program nor does it review program performance except through the budget process. This review of FCC's budget does not, however, provide the Commission with an effective means for ensuring that ADP resources are being used to best achieve FCC's overall objectives. While the budget does show ADP resources by major FCC activities (such as broadcast and

common carrier), it does not break them down by program category (such as broadcast policy and rulemaking or authorization of service), thereby showing their anticipated accomplishments. Likewise, as noted in chapter 7, FCC's budget review process focuses primarily on increases over the previous year's budget rather than on base resources.

In response to a recommendation contained in the 1977 study, FCC did establish the ADP Steering Committee whose purpose it is "to ensure that the ADP program is consistent with the overall FCC objectives, and that the program is accomplishing its stated goals in a cost effective manner." However, this committee has yet to take any significant steps toward accomplishing this purpose and as of March 1, 1979, had not met to discuss its direction and purpose.

Doubts also exist as to whether the Steering Committee will be able to achieve its objectives. FCC officials, including members of the Steering Committee itself, questioned whether committee members had sufficient time, interest, and authority to direct and control FCC's ADP program. One official said that although the Chief of OPP had been picked as committee chairman, this position did not represent one of authority because OPP was just an "equal among equals" and would find it difficult to reallocate ADP resources from one bureau or office to another. FCC officials also expressed some concerns on how the committee would function. One bureau chief was particularly concerned that his bureau would be cut out of the ADP management process. He noted in this regard that no one had solicited his views nor the views of any other bureau chief he knew when the committee was established.

In view of these questions and concerns, FCC should formally reconsider the composition and functions of the committee, taking into account the views of the Commission and bureau and office ADP users. In this regard, the committee would function more effectively if it were placed under the direction of a central manager, such as the Managing Director discussed in chapter 3, who would have the authority to direct and control bureau management. This view was shared by several top FCC officials with whom we spoke.

It also would be beneficial to include top level representatives from ADP users on the committee to ensure their input in its decisions and their support of its actions. In addition, as a part of this reconsideration, FCC, based on a thorough discussion of the issues involved, should develop a charter for the committee which more

specifically sets forth its responsibilities and the means which will be used to meet them.

Lack of effective planning

The formulation and use of a comprehensive long-range ADP planning process is a recognized way to (1) achieve efficient and effective use of resources, (2) assure that resources support agency missions and objectives, and (3) commit top management to action. While FCC does develop an annual 5 year plan for its program, there is no review of FCC's 5 year plan for conformance to overall Commission objectives nor is there adequate review of actual performance against the plans by the Commission, the Data Automation Panel, the ADP Steering Committee, or other top FCC management.

As set forth in the 1973 cost/benefits study, FCC's 5 year ADP plan was intended to provide the Commission "with reasonable alternatives agreed to by the Bureaus and Offices" so that it could select a course of action consistent with its judgment. This selection has not occurred, however, because the Commission does not formally review or approve FCC's 5 year ADP plan. Instead the formulation and review has been left to the Data Automation Division and user bureaus and offices.

Early efforts to use the Data Automation Panel as a mechanism to oversee ADP planning efforts proved unsuccessful. When established in 1974, the panel was to be responsible for evaluating and recommending actions necessary to achieve data automation objectives as well as providing a forum among the Data Automation Division and FCC's bureaus and offices on data processing matters. It was, among other things, responsible for

- examining priorities and resources allocated to all projects contained in FCC's 5 year plan in view of FCC's overall management objectives;
- reviewing the Data Automation Division's and bureaus' performance on major ongoing automated projects by comparing estimated versus actual cost, manhours, time, and cost/benefits; and
- recommending to FCC's Executive Director proposed data automation policies and any changes to the 5 year ADP plan.

In addition, it was to submit an annual report to the Executive Director on the progress made towards meeting the objectives of the 5 year plan.

The panel has not, however, carried out these responsibilities as intended. It has functioned primarily as a forum for exchanging information on ADP matters rather than as a vehicle for overseeing FCC's ADP program. It has not, for example, evaluated and set priorities for system projects, reviewed system performance, or reallocated ADP resources. Likewise, FCC's Executive Director could not recall receiving any reports from the panel on progress made toward meeting the objectives in the 5 year plan.

FCC officials told us that the primary reason the panel did not perform as expected was that panel members lacked the authority to speak for and make commitments on behalf of the bureaus and offices which they represented. Recognizing this, in April 1978, the panel's charter was changed to reflect its more limited role as a coordinator among bureaus, offices, and the Data Automation Division. As noted earlier, responsibility for reviewing and approving the 5 year ADP plans and evaluating ADP program performance is now vested in the ADP Steering Committee.

Without overall review by a top management group, 5 year ADP plans have continued to reflect what the 1977 study termed "the unconstrained desires of individual Bureaus/Offices for automated systems." The distribution of ADP base resources among the bureaus and offices, we were told, is not challenged from year to year and users are free to choose the systems development projects they wish within the resources available to them. A top FCC official said that under this system some low priority items get done before higher priority items and some items of high priority may not be done properly.

Likewise, there continues to be no review of ADP program performance against previous 5 year plans to ensure that the program is meeting expectations. While FCC has revised its 5 year ADP plan to include charts which show both the previous starting and completion dates and required staff years for ADP systems being developed and the revised starting and completion dates and staff years if the project timing has changed, it does not include such performance assessment factors as where resources were spent the previous year, what was accomplished versus what was proposed, or why previous schedules were not met.

To ensure that FCC's ADP program is aimed at achieving FCC's goals and objectives, the ADP Steering Committee needs to conduct an annual zero-based review of FCC's ADP program. As a part of this review process, the Steering Committee should establish a mechanism which will provide it with necessary feedback on performance of the previous year's plan and will establish accountability for performance at all appropriate management levels. An assessment by the committee of the previous year's performance should be included in the next year's 5 year plan and should serve as a basis for future ADP planning efforts.

Lack of adequate interface between
bureau and office ADP users and
the Data Automation Division

User involvement in managing ADP resources is necessary for satisfying user needs. Among other things, users should participate in the development of ADP policies, objectives and strategies; provide guidance during analysis of system requirements; and regularly monitor the status of ongoing projects.

We found, however, that the lack of adequate user involvement in ADP program management cited in the 1977 study still exists. We found that there is still a shortage of top level bureau management involvement in the ADP program and some data automation liaison officers have other responsibilities which prevent them from effectively carrying out their duties.

FCC officials told us that because there is a lack of involvement by top bureau and office management in ADP matters, these managers are not fully attuned to what ADP can do for them. Instead, responsibility for handling ADP matters is usually left to the user organization's data automation liaison officer. Two officers we spoke with noted the lack of interest in ADP matters by top management in their bureaus.

Officials also pointed out that some data automation liaison officers lack time to adequately carry out their duties. The liaison officers in the three bureaus which make the largest use of ADP resources--the Broadcast, Common Carrier, and Private Radio Bureaus--all have other responsibilities in addition to handling ADP matters. Two of the three liaison officers felt that these duties kept them from effectively carrying out their ADP functions. One of the liaison officers, in fact, also serves as a branch chief in his bureau and, consequently, his regulatory activities in the Bureau have left him little time for ADP activities.

Assigning responsibility for ADP program management in the bureaus to a top level manager, such as the Deputy Bureau Chief for Management discussed in chapter 3, who has the authority to speak for the bureau on ADP matters and to oversee ADP activities within the bureau or office, could ensure that ADP matters receive necessary direction and control. This manager should also be responsible for overseeing the activities of bureau and office data automation liaison officers, who could retain day-to-day responsibility for coordinating interbureau ADP activities, and for ensuring that the liaison officer has sufficient time and support to carry out his functions.

Inadequate systems justification and review

To ensure that ADP resources are directed toward areas in which they can be most beneficial and that they are accomplishing their intended results, it is important that agencies (1) perform comprehensive, indepth analyses of user requirements for proposed systems and (2) evaluate existing systems to ensure that the agency is getting a full return on its investment. Neither of these functions have been effectively accomplished at FCC.

As noted in the 1977 study, FCC has not effectively evaluated work systems prior to automation to determine whether existing systems are operating effectively and whether automation is the best means for improving systems performance. FCC's Management Systems Division is responsible for conducting or participating in "the review of FCC systems to improve operational procedures prior to data automation." The Division, however, has conducted no such studies. While the Data Automation Division does conduct preliminary feasibility studies to determine the appropriateness of ADP technology to meet known system requirements, these studies are conducted by computer specialists rather than management analysts, and according to FCC officials, are usually based on the premise that "we're automating" rather than questioning how well the existing system is working and whether changes in the manual system are needed. We were told that in some cases bureaus have reviewed their own systems before automation; however, other systems, officials said, were automated "as is."

FCC's ADP Steering Committee is now responsible for reviewing significant new ADP system development projects to determine whether they are justified from a cost/benefit standpoint and to make a "go/no-go decision" on such projects after a review of planning documentation.

There has also been a lack of post-implementation review of ADP systems to make sure they are fulfilling their intended functions. On March 8, 1979, however, FCC's Executive Director issued a directive on ADP program management which, among other things, sets forth a policy for reviewing and evaluating existing ADP systems and installations. According to the directive, a minimum of one ADP project in each bureau will be selected for review and evaluation by the Data Automation Division and bureau personnel each year. Each bureau is also to be responsible for preparing an annual Review and Evaluation Program and submitting it to the Data Automation Division. This policy is now being implemented.

While establishing a system for post-implementation review is a worthwhile step toward ensuring that FCC is getting the maximum return from its ADP systems, FCC still needs to improve its capabilities for evaluating systems before automation. Systems presently in place should be thoroughly and objectively evaluated to ensure that they are meeting their objectives and to ensure that improvements needed can best be achieved through automation.

Information obtained from these evaluations should be furnished to the ADP Steering Committee to provide it a basis for setting priorities and selecting ADP systems. The committee should also be given copies of the ADP Review and Evaluation Programs along with copies of the results of reviews conducted so that it can evaluate overall ADP performance.

CONCLUSIONS

ADP is an important activity at FCC--providing support to virtually all of its program and administrative operations. As such, it can provide FCC with a useful tool for improving its operations, managing its resources, and analyzing regulatory issues.

While FCC's ADP program has recently made significant progress in terms of getting computerized systems established, management problems have reduced its overall effectiveness. Many of these problems are similar to those discussed in this report, including lack of direction by top management, planning weaknesses, and inadequate control and evaluation.

FCC has taken an important step in improving the management effectiveness of its ADP program by creating an ADP Steering Committee. For the committee to effectively oversee FCC's ADP program, however, it must be designed and staffed to function effectively and it must be supported by a firm commitment to sound ADP management practices throughout FCC.

To ensure that the ADP Committee will function effectively, FCC should place it under the direction of an official who has clear authority to direct FCC-wide ADP activities--in the context of this report, the Managing Director. The committee's representation, resources, and functions should also be reevaluated to optimize its future operations. This should place the committee in a position to provide FCC's Data Automation Division with the direction it needs to effectively manage the ADP program.

In addition to restructuring the ADP Steering Committee and reviewing its functions, we believe that several other actions are needed to increase the committee's ability to direct the ADP program. These actions include providing Commission-approved goals and objectives for the ADP program, which will ensure that the ADP program fully supports FCC's mission; improving the ADP planning process; strengthening user involvement in the ADP program; and increasing the effectiveness of systems justification and review procedures.

RECOMMENDATIONS TO THE CHAIRMAN, FCC

We recommend that the Chairman, FCC:

- Place the ADP Steering Committee under the direction of a person with sufficient authority to direct FCC-wide ADP activities, direct that ADP users be adequately represented on the committee, and provide the committee with sufficient resources to successfully carry out its responsibilities.
- Develop goals and objectives for the ADP program for Commission approval.
- Develop, based on a thorough discussion of the issues involved, a charter for the ADP Steering Committee clearly specifying its responsibilities in forming and executing an FCC-wide ADP strategy to achieve ADP objectives.
- Require an annual zero-based review of ADP activities to serve as a basis for ADP planning.
- Measure the success of ADP activities based on the 5 year ADP plan and establish accountability at all appropriate management levels.

- Increase top-level bureau management involvement in ADP matters. (In ch. 3 we recognize the need for a Deputy Bureau Chief for Management. One of his responsibilities should be bureau-wide ADP management.)
- Evaluate systems before automation to ensure that (1) the existing system is accomplishing its objectives, (2) user requirements are clearly defined, and (3) automation efforts are directed at areas where they are clearly beneficial and most needed.
- Require that bureaus and offices furnish ADP Review and Evaluation Programs, along with the results of evaluations conducted, to the ADP Steering Committee for its approval and use in evaluating overall program performance.

CHAPTER 10

AN OPPORTUNITY TO IMPROVE MANAGEMENT

EFFECTIVENESS--THE CONTRACTUAL POLICY RESEARCH PROGRAM

FCC currently conducts a program of contractual policy research. Through this program, FCC hires researchers from the private sector and Government to study telecommunications policy issues. OPP, the program's manager, recently evaluated the program and made a series of recommendations to improve its management effectiveness. We support OPP's actions; however, we believe clearer objectives for the program and more effective OPP review are needed.

WHAT IS THE CONTRACTUAL POLICY RESEARCH PROGRAM?

Since 1967, FCC has conducted a contractual policy research program with the stated purpose of providing guidance on long-range technical and policy problems in all areas of telecommunications. This program is under the direction of OPP, whose responsibilities are to

- manage the program,
- recommend budget levels and priorities, and
- serve as central account manager 1/ for Commission-funded studies

The program has been growing. In fiscal year 1978, the Congress approved \$400,000 for contract research, in fiscal year 1979 \$1,000,000 and for fiscal year 1980, FCC has requested \$1,610,000. Funded contracts have varied widely in their cost and subject matter. Examples of studies approved by the Commission in fiscal year 1979 follow.

1/The central account manager is the organizational focal point for budgeting, reporting, and financial management of FCC-wide expense elements.

<u>Research study</u>	<u>Amount</u>
Study of Cross Subsidies Between Long Distance and Local Exchange Service	\$120,000
Study of Public Maritime Coast Station Services	65,000
Study of the Economics of TV Advertising and Programing Directed Towards Children	50,000
Study to Determine the Means of Measuring the Effectiveness of Field Operations Activities	40,000
Land Mobile Demographic Maps	5,000

How does the contractual policy research program work?

Periodically, usually twice a year, OPP calls for policy research proposals from the bureaus and offices. In response, the bureaus and offices submit research proposals which describe the proposed research and estimate its cost and duration. Each bureau and office usually ranks its proposals.

From these proposals, OPP selects those which it believes have the highest FCC-wide priority and importance. OPP develops an agenda item, and requests the Commission's final approval for the selected research studies.

After receiving Commission approval, the bureaus and offices prepare work statements for each approved study. These statements explain the work to be done and, within limits, how the work will be performed. OPP reviews the work statements and submits them to the Procurement Division in the Office of the Executive Director where they are used to develop Request for Proposals to solicit contractors.

During this time, the bureau selects the contracting officer's technical representative and a technical evaluation team. The technical representative is responsible for the technical aspects of the project and technical liaison with the contractor selected. He is also responsible for the final inspection and acceptance of all work required under the contract. The technical representative cannot make commitments or authorize any changes which affect the contract price, terms, or conditions. The contracting officer in the Procurement Division has this authority. The

technical evaluation team with the technical representative, evaluates the proposals submitted by potential contractors in response to FCC's Request for Proposals.

Using the technical representative and evaluation team's analysis as a guide, the Procurement Division selects a contractor. The contracting officer is responsible for seeing that the contract is successfully completed within the allotted time. He is assisted by the technical representative and evaluation team. During the contract's execution, the technical representative monitors the contract through progress reports and meetings with the contractor.

MANAGEMENT PROBLEMS WITH THE RESEARCH PROGRAM

The program suffers from several management problems which impair its effectiveness. Some were identified by OPP during an October 1978 evaluation of the program. We identified others--a lack of clear objectives and incomplete program management by OPP.

Management problems identified by OPP

In evaluating the research program, OPP found that program proposals, standards, responsibilities, feedback, and coordination could be improved. To increase the program's effectiveness, OPP recommended that:

- OPP, in cooperation with the Procurement Division, develop manuals on proposal preparation, work statement preparation, and guidelines on technical representative and evaluation team responsibilities.
- OPP prepare an annual report on the program. The report would have two sections. The first would be an evaluation of each completed study. The technical representative for the particular study would perform this evaluation. The second section would describe the program's status and efforts made to coordinate research with other Government agencies.
- Standing dates for submission of research proposals and the program's agenda item be established.
- Each bureau and office appoint a program coordinator.
- The technical representative on a particular study coordinate the study with other research efforts inside and outside FCC.

--OPP improve its coordination efforts with the Procurement Division.

These recommendations, along with OPP's findings, were combined in a report to the Commission. A draft copy of the report was circulated to the bureaus, but they had no substantive comments. This report which was sent to the Commission in June 1979 was only for the Commission's information and did not request them to take any action. An OPP official told us OPP would implement the recommendations as time and staff resources permitted.

Contractual policy research
program lacks clear objectives

Reflecting the lack of a comprehensive planning process described in chapter 4, the research program lacks clear objectives. As a result, OPP has no formal criteria to use in selecting among competing research proposals and bureaus and offices are confused over how proposals are evaluated.

Varying interpretations of the program's purpose result from the lack of specific program objectives. For example, FCC's budget calls for the program to study long-range technical and policy problems. Based on this, various Commission officials, including the Chairman, have come to regard the program as the equivalent of long-range planning. Studies funded under the program can serve as a tool in long-range planning; however, they are not a substitute for the comprehensive planning process described in chapter 4.

FCC has also proposed in its budget that the program be used for "zero-based regulation" projects. While the Chief of OPP agreed that no adequate definition of zero-based regulation exists, she generally characterized zero-based regulation as an exercise where FCC (1) examines the economic reason for regulation, i.e. where has the market failed, (2) determines what regulation is needed to meet this market failure, and (3) discards current regulations which are not needed. She stated, however, that the contract research program should only develop technical information and is not the appropriate vehicle for conducting policy studies like zero-based regulation.

Other OPP officials held different views of the program's objectives. One stated that the program was to provide information relevant to FCC's decisionmaking process. This official stated that this objective was possibly too broad and that confusion could result among the Commissioners and FCC staff over the program's purpose. Another official believed it was a service program which should assist FCC in

accomplishing its objectives by examining the middle-term future (next 2 to 5 years) and providing objective information on policy issues FCC would be deciding during that timeframe.

The varying interpretations of the program's objectives reflect the lack of agreed to Commission goals and objectives inherent in a comprehensive planning process. As discussed in chapter 4, while reviewing OPP's December 1977 contract research program agenda item, the Chairman asked OPP officials what criteria OPP used to select projects for funding. OPP officials stated that they had an overall sense of FCC's priorities and chose on the basis of this subjective judgment. The Chairman felt this was an insufficient basis for selection and requested OPP to document its view of Commission goals and priorities. In March 1978, OPP produced a memorandum which contained Commission-wide goals but no follow-up action was taken by OPP or the Chairman and, as a result, clear objectives for the program were not developed.

The lack of clear objectives is exemplified in the project selection process. One OPP official told us there are no formal project selection criteria and that OPP relies on its "wisdom and overview of Commission activities and priorities" as a basis for decisionmaking. Another OPP official told us the principal criterion is the proposal's responsiveness to an immediate FCC need. In this situation, bureau officials have expressed confusion over how OPP selects projects and have been unsure why, for example, the selection of a Private Radio Bureau project had higher priority than the selection of a Field Operations Bureau project.

OPP has not completely fulfilled
its role as program manager

One of OPP's responsibilities is to serve as manager of the research program; however, its specific duties in this regard are not defined. OPP has generally maintained an active role until individual contracts are awarded. Beyond this point, however, OPP's management attention to projects has been inconsistent. OPP officials characterized their responsibilities after contracts are awarded as (1) reviewing copies of progress reports and draft and final reports on funded studies to remain aware of their status and (2) tracking project milestones. In the area of report review, however, an OPP official stated that only projects which OPP personnel have a particular interest in are reviewed. The OPP official responsible for the program also told us that while OPP had tried in the past to track project

milestones and take corrective action when slippage occurred, this had not been done recently because of time constraints.

OPP could improve its management of projects after contract award by

- closely reviewing progress reports and work projects,
- ensuring close coordination between the technical representative and the contracting officer,
- monitoring progress, and
- requiring an objective evaluation of completed projects by the technical representative.

CONCLUSIONS

FCC's contractual policy research program is growing rapidly. To assure that this program effectively meets FCC's needs, it must be accompanied by sound management practices. OPP, through its evaluation of and recommended improvements for the program, has taken the first steps in improving management effectiveness. While we support OPP's effort, we believe there is a significant risk that its recommendations may not be implemented if done on a piecemeal basis. Consequently, we believe a specific timetable for implementing OPP's June 1979 recommendations is needed.

We also believe FCC should develop specific objectives for the program, which reflect the overall goals which are to be developed as part of the comprehensive planning process recommended in chapter 4. Specific objectives would have the benefits of

- focusing scarce research funds on those projects which have the highest priority and, therefore, are most essential to FCC's regulatory mission and
- providing a clear basis for project selection, thus mitigating confusion over how competing projects are selected.

We believe OPP, in its role as program manager, should have specific management duties for ongoing projects. We recognize that the contracting officer in the Procurement Division is ultimately responsible for the successful and timely completion of the contract and that the technical representative plays a vital role in assisting him. However,

OPP can improve its management by better review, coordination, and evaluation of projects after contract award.

RECOMMENDATIONS TO THE CHAIRMAN, FCC

To improve the effectiveness of the contractual policy research program, we recommend that the Chairman:

- Develop a specific timetable for implementing OPP's recommendations.
- Develop objectives for the program which will serve as the basis for project selection.
- Direct OPP to manage all aspects of the program, including reviewing, coordinating, and evaluating research contracts awarded by FCC.

CHAPTER 11

OBSERVATIONS ON DIRECTING, COMMUNICATING, AND ON IMPROVING EMPLOYEE MORALE

Perceptions of leadership and management style are inevitably highly subjective and susceptible to multiple influences and interpretations. Our discussions with Commission staff at all levels elicited numerous comments concerning the direction provided by the Commission, the current Chairman, and bureau and office heads. Given the fact that the Chairman is still relatively new to his position and that the organization under his direction is undergoing a number of changes in its structure and top personnel, a certain amount of tension and uncertainty are inevitable. Directing, or providing leadership, however, is one of the most important and yet most complex management functions. Its success involves effectively communicating with people and understanding what motivates their behavior. Personal and procedural factors also play important roles in determining the likelihood of successful management direction.

FCC has experienced a number of problems relating to direction at all management levels. These problems, including communication weaknesses, polarization and alienation of staff ("ins" versus "outs"), and negative perceptions of management style, have resulted in less than fully effective motivation of staff and have contributed to a rather pervasive condition of impaired morale throughout FCC.

Although it may not be possible in the short-run to demonstrate a direct correlation between staff morale on the one hand and productivity and organizational effectiveness on the other, it is safe to assume that given a sustained negative motivational environment, individuals with alternative employment opportunities will tend to leave the organization, thus depleting its human resources and jeopardizing the organization's long-run success.

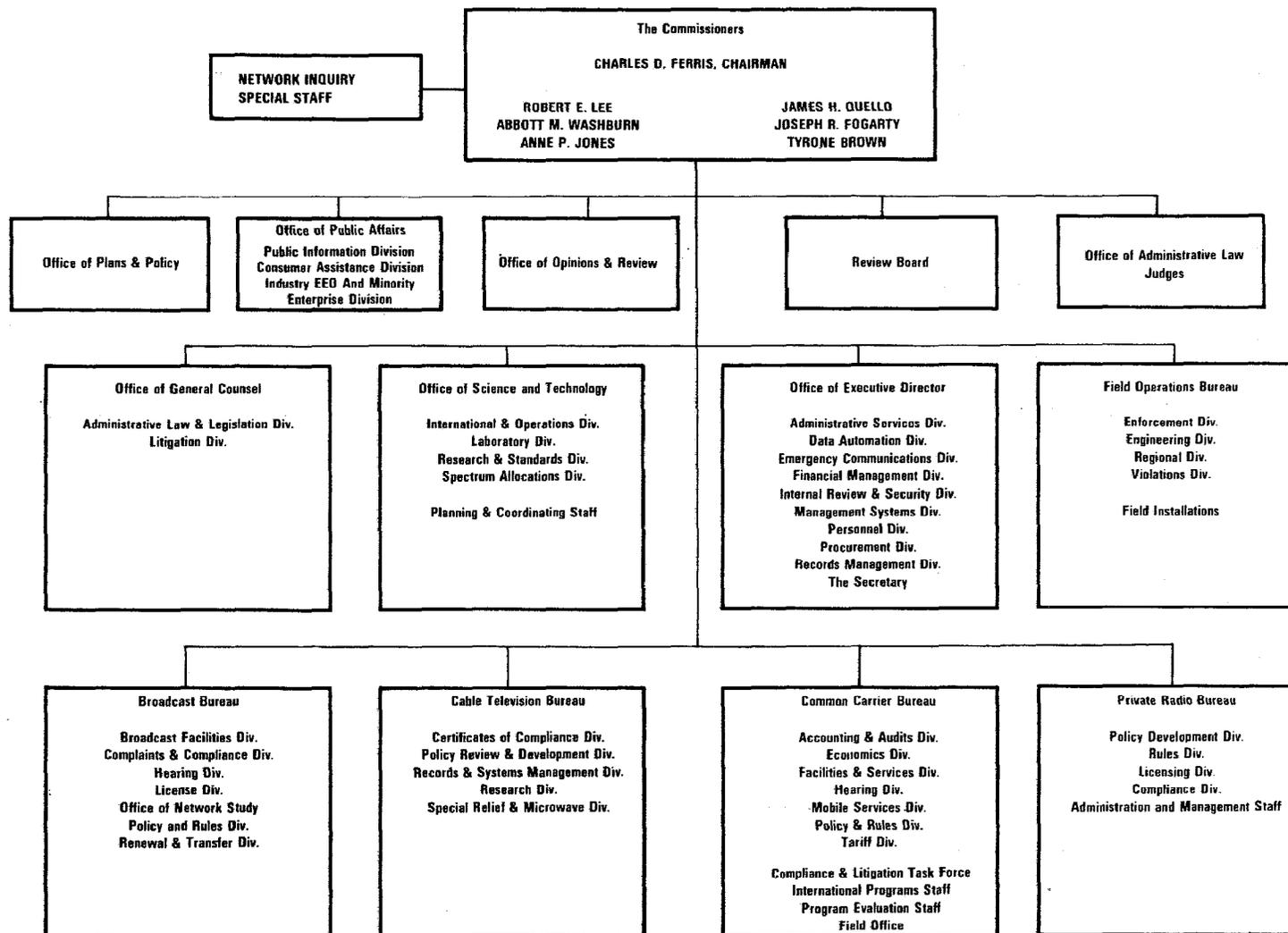
IMPLICATIONS FOR MANAGEMENT ACTION

One major factor we noted that seems to have contributed to morale problems and negative perceptions of management style, regardless of the organizational unit or level, is communications. There appears to be a need to improve communications throughout FCC. As preceding chapters of this report have shown, such communication mechanisms as long-range plans embodying explicit goals, objectives, and priorities; program evaluation; and management information systems including measures of productivity and performance are needed.

There appears to be a need also to increase the opportunities for contact and communication between top management, bureau management, and managers at lower levels to provide the direction, feedback, and exchange of views which are essential to a smoothly and efficiently functioning organization.

Finally, there appears to be a need for a more open, participatory, consultative style of management, one that recognizes employee interests and concerns and involves employees to a greater extent in decisions that affect them, the jobs that they do, and the conditions under which they work. Although management's responsibilities in this regard may be considered to have changed somewhat with the advent of the union as the employees' exclusive bargaining representative, there is still a need, in the Chairman's words, for managers to be "more sensitive to the people who work for them."

FEDERAL COMMUNICATIONS COMMISSION ORGANIZATION CHART



Source: Federal Communications Commission

May 1979

SELECTIVE SUMMARY OF STUDIES RELATING TO
INDEPENDENT REGULATORY COMMISSIONS

Independent regulatory commissions have never been without their critics and detractors. From the inception of the Interstate Commerce Commission in the latter part of the last century through the present, with its emphasis on the salutary effects of deregulation, a succession of studies has been produced which explain the weaknesses or failures of collegial regulatory bodies and recommend actions to overcome their alleged defects. Some studies have found no redeeming value in the independent commission approach to regulation and have advocated their abolition. Others have found the approach basically sound and have advocated retention of the commissions, with certain modifications to correct observed weaknesses.

In terms of substantive emphasis, some studies have focused on the relationship between commissions and other elements of the Government, particularly the executive branch, and have criticized the lack of responsiveness of the independent commissions to presidential policy and the resultant lack of policy coordination throughout the Federal Government. Other studies have emphasized the failure of commissions to plan and to establish clearly articulated policies that inform and provide consistent direction to their adjudications and rulemaking. Many studies have concentrated on weaknesses in the internal procedural operations of commissions, including their alleged lack of effective and up-to-date management practices and resulting inefficiencies and delays. Still others, particularly in recent years, have focused on the need for greater public participation in regulatory agency decisionmaking and have stressed the need to increase the relative power and influence of the public, as compared to the power and influence of the regulated industries, in the regulatory process.

The depression decade of the 1930s produced the first sizeable collection of scholarly research studies on the activities of the independent commissions and also the first of an impressive series of analytical reports which attempted to diagnose the functional problems of regulatory commissions and prescribe specific remedies to overcome their problems. The country was aroused by the stock exchange scandals of the early 1930s, and the hearings and legislation which led to creation of the Securities and Exchange Commission captured the imagination of citizens anxious to prevent manipulation of the securities markets and fix blame for the depression. Also, many members of the Congress looked upon the Commission as a device for counteracting the trend toward

concentration of power in the executive branch under a strong president.

At the same time, the economic problems of the decade and the great interest in the affairs of Government generated by the New Deal heightened public interest in improving coordination in the administration of Government activities, especially between the regulatory activities of the commissions and national economic policies. The New Deal focused attention on the possibilities of achieving a higher level of efficiency in the operation of the Federal Government. Coordination through administrative supervision of the president presented for many one of the most attractive and persuasive proposals for strengthening the Government's administrative capacity and for creating a firm line of political responsibility. Concentrating authority in politically responsible officials was advocated as a major goal of administrative reorganization, and "executive integration" became a byword of administrative practice.

1937--Brownlow Committee Report

In 1937, a Committee on Administrative Management (the Brownlow Committee) appointed by President Roosevelt published its report which stressed the lack of coordination among regulatory agencies and between the independent agencies and other Government branches. The report highlighted the need for reorganization to improve coordination. The proposed solution was to abolish the independent regulatory commissions and integrate them into the executive branch where the commissions would become agencies within the executive departments. Once relocated, the commission functions would be divided between an administrative section directed by a single administrator and a judicial section that would remain independent in the making of regulatory decisions.

The Brownlow Committee Report was uncompromising in its attack on the commissions, characterizing them as a:

"* * * headless fourth branch of the Government, a haphazard deposit of irresponsible agencies and uncoordinated powers. They do violence to the basic theory of the American Constitution that there should be three major branches of the Government and only three. The Congress has found no effective way of supervising them, they cannot be controlled by the President, and they are answerable to the courts only in respect to the legality of their activities."

The main thrust of the Brownlow Committee Report was that policy and administration could be coordinated in the several regulatory fields only if the units were responsible to a Cabinet head and ultimately to the President. The Executive Reorganization bill of 1938, which contained many of the recommendations of the Brownlow Committee, was defeated in the Congress, partly out of concern that it would give too much power to the President.

1949--Report of the First Hoover Commission

The next important regulatory reform study, in chronological sequence, was the Report of the First Hoover Commission (1947-1949). Unlike the Brownlow Committee, the Hoover Commission concluded that the regulatory commissions had a rightful place in the political system, but found that they had generally failed to perform up to expectations. The Commission's recommendations tended to be concerned with the organizational structure and administrative processes of commissions. The Commission's report argued that the regulatory commissions would be more effective and efficient if the administrative responsibilities were vested in the commission chairman. Echoing the Brownlow Committee, the Hoover Commission also noted the lack of coordination between the commissions and the agencies in the executive branch with similar regulatory responsibilities. To overcome this problem, it recommended that an Administrative Management Director in the Bureau of the Budget be established to "suggest ways and means to improve and thereby reduce the cost of disposing of business before administrative agencies." In the case of the FCC, specifically, the Commission recommended reorganizing the agency's staff along functional lines.

1955--Report of the Second Hoover Commission

The Report of the Second Hoover Commission (1953-1955) continued the emphasis on internal commission procedural operations, structure, and management. It supported the concept of an integrated legal staff under a general counsel, improving the internal procedures and separating where possible the judicial and executive functions of administrative agencies, and increasing the independence of hearing examiners. No significant changes in the organization and functions of independent regulatory commissions resulted from this Commission's report.

1960--Redford Report and Landis Report

In 1960, two reports were published which addressed themselves in a more limited way to the special operational and coordination problems posed by independent regulatory commissions and suggested coordinating mechanisms to ensure a greater degree of accountability to the executive branch. The first of these, the Redford Report, prepared for the President's Advisory Committee on Government Organization, suggested statutory changes to allow policy direction from the President. The second report, a "Report on Regulatory Agencies to the President Elect" (the Landis Report) proposed that the administrative powers of commission chairmen be enhanced and that staff positions be made more attractive by delegating authority. The report further suggested that regulatory policy formulation come under presidential guidance to ensure uniformity,--such guidance would be provided by naming special White House assistants to oversee and coordinate regulatory policy.

Both the Redford and Landis Reports singled out communications (along with transportation and energy) as critical areas in need of more presidential coordination. Both reports, along with other commentators, also called for presidential appointment of all chairpersons of the independent agencies to serve "at the pleasure of the President."

In the case of FCC, the Landis Report cited "extraordinary" problems in policy planning, disposition of business, internal procedures, ex parte contacts, and influence by regulated groups. The quality of top commission personnel was cited as being "primarily responsible for these defects." The report concluded that

"* * * leadership in the effort to solve problems seems too frequently to be left to commercial interests rather than taken by the Commission itself. No patent solution for this situation exists other than the incubation of vigor and courage in the Commission by giving it strong and competent leadership and thereby evolving sensible procedures for the disposition of its business."

1971--Ash Council Report

The next important study of regulatory agencies, representing a reversion to the earlier tradition of reports dealing with wholesale Government reorganization, is the 1971 report of the President's Advisory Council on Executive Organization (the Ash Council). The Ash Council found regulatory commissions to be essentially ineffective and unable to respond well and in a timely fashion to economic, technological, and social changes. These weaknesses were attributed by the Council primarily to independence from presidential authority, collegial organization, the judicial cast of agency activities, and the misalignment of certain functional responsibilities.

The Council's report recommended a major restructuring of the independent regulatory commission system

"* * * to assure coordination of regulatory matters with national policy goals, to improve the management efficiency of regulatory functions, to improve accountability to the Congress and the Executive Branch, and to increase the probability of superior leadership for regulatory activities."

This was to be accomplished by eliminating, in most cases, the plural member commissions and replacing them with organizations headed by single administrators responsible to the President. Only the FCC, among the major regulatory commissions, was specifically excluded by the Ash Council from the list of plural member commissions which were to be reorganized as single administrator executive agencies. The Council's rationale for this exclusion was that:

"The FCC regulates, among other things, radio and television broadcasting, both important sources of public information * * *. The mere appearance of possible undue influence over program content might undermine public confidence in the sources of its information. Thus, we believe it would be inadvisable to place in the hands of a single administrator the power to exercise control over industry members through licensing and programming decisions.

"Moreover, because broadcast regulation is uniquely subjective in character, we believe that decisions in this area should reflect the personal values of more than a single individual * * *."

The Ash Council Report was the subject of extensive discussion for several years after its release. While the report has had its supporters, most commentators have been unconvinced, believing that the Council failed to make its cases by force of logic because of an absence of factual or analytical evidence for most of its conclusions. The changes and reforms directly attributable to the Ash Council were negligible.

1970s--congressional studies
of regulatory commissions

Two very recent and comprehensive congressional studies of regulatory commissions, of the problems attending the regulatory process, and of the needs for regulatory reform have been performed by the Subcommittee on Oversight and Investigations of the House Committee on Interstate and Foreign Commerce (the Moss Report) and by the Senate Committee on Governmental Affairs (the Ribicoff Report). The Moss Report (1976), in contrast to some of the earlier proposals for sweeping reorganization of the regulatory process, concluded that regulatory reform can be accomplished only if approached agency-by-agency and program-by-program, not with any across the board solution. Like earlier studies, however, the report identified certain common failings in the agencies studied. These included excessive attention to the special interests of regulated industries and underrepresentation of the broad public interest, lack of accountability to elected public representatives, unnecessary delays and cumbersome procedures, and weaknesses in the process for selecting regulators (i.e., commissioners) of high quality.

With respect to FCC in particular, the Moss Report concluded that the Commission has:

- Provided for insufficient public representation to offset the assiduous attention paid by regulated firms.
- Failed to anticipate or keep pace with technical and commercial developments in communications.

- Lacked technical expertise for analysis of complex issues resulting in failure to develop facts basic to regulation of the broadcasting and telephone industries.
- Tended to cling to the status quo, with inertial acceptance of prevailing patterns.
- Suffered from the fact that the Congress and the public have not given as much attention to FCC decisions as have regulated firms.

The report contained recommendations aimed at strengthening congressional oversight of FCC, upgrading the process of selecting commissioners, reducing the number of commissioners, and enhancing FCC expertise and analytical capabilities in telecommunications technology, economics, business, and trade practices and other disciplines pertinent to the FCC's regulatory mission.

The six volume Ribicoff Report, entitled "Study on Federal Regulation" (1977-1978) represents an extremely comprehensive effort to study Federal regulation and to assess the impact of regulatory programs and the need for change. The study examined, among other things, the regulatory appointments process, congressional oversight of regulatory agencies, public participation in the regulatory process, the problem of delay in regulatory administration, and questions of regulatory organization and coordination. Reflecting the congressional perspective rather than the executive branch perspective evident in the Brownlow, Landis, and Ash reports, both the Moss and Ribicoff studies concerned themselves more with maintaining the independence of the regulatory agencies from the executive branch than with the problems of coordination facing the President.

FISCAL YEAR 1979 ZERO-BASED REGULATORY STUDIES

FCC has approved certain "zero-based regulatory studies" as part of its \$1,141,000 policy research funding program for fiscal year 1979.

In August 1978 FCC approved 10 studies for funding at an estimated cost of \$810,000. Three of these studies dealt with zero-based regulation:

--A Study Of The Economics Of TV Advertising
And Programing Directed Toward Children \$50,000-
70,000

The study is designed to outline the economic picture regarding network children's television. Among other things it is to compare costs, revenues, and profits generated by children's TV programing with the costs, revenues, and profits of programing in other parts of the day and assess the economic impact of various policy alternatives, such as clustering of commercials at the beginning and end of programs and further reducing advertising time.

--Availability And Scheduling Of Children's
Programing \$12,000-
18,000

The study is designed to help FCC determine whether improvements have been made in the amount and scheduling of children's programs since it issued its 1974 "Children's Television Report and Policy Statement."

--A Study Of The Efficacy Of Techniques Used
To Separate Program Advertising Content And
The Effects Of Reduced Advertising In
Children's Television \$40,000-
60,000

This study will examine the underlying assumption of the 1974 "Report and Policy Statement" and of subsequent petitions that separation devices and clustering of commercials the young child's discrimination between commercials and programs. It will also address what is gained by reducing advertising on children's programs.

In January 1979 FCC approved the following "zero-based regulatory studies and other studies," totaling \$270,000.

--An Analysis Of Technological Change And Depreciation Policies In The Telephone Industry \$ 80,000-
110,000

The study will address two main questions: (1) what is the nature and extent of the cause and effect relationship between technological change and depreciation policy and (2) what is the effect of depreciation policy alternatives on the ratepayer and stockholder?

--Study Of The Cost To AM Licensees Of A Reduction In AM Channel Spacing From 10 kHz to 9 kHz \$ 35,000-
45,000

The study is to identify the best assignment plan for changing to 9 kHz channel spacing, and assess the cost to all the AM licensees required to change to a new carrier frequency pursuant to that plan.

--Preliminary Study To Examine The Feasibility of Reducing FM Channel Spacing \$ 40,000-
60,000

The purpose of the study is to determine the technical effects of reducing FM channel spacing upon channel assignment criteria and possible effects on certain present and future operations.

--Study To Determine The Means Of Measuring The Effectiveness Of Field Operations Activities \$ 40,000-
60,000

The study would attempt to translate regulatory objectives into something measurable or quantifiable and to determine better ways of actually measuring the effect of field enforcement activities on those objectives. This is to include developing techniques to be used in measuring effectiveness and providing guidance on how to interpret the measures of effectiveness. The study would also assess the limitations and costs of applying these techniques. Finally, in light of the above objectives, the study would analyze

the Field Operations Bureau's information gathering function and propose an improved structure to make it more useful for purposes of measuring effectiveness of field enforcement activities and for assisting management in determining where and to what extent field enforcement resources should be expended.

--Study Of CB Channel Intermodulation Problem \$12,000

This study will evaluate the tradeoffs between interference problems and effective range using AM and Single Sideband transmissions in the Citizens Band Radio Service.

--Land Mobile Demographic Coverage Maps \$ 5,000

This study will attempt to determine the feasibility of using demographic coverage maps as one element in estimating fees for land mobile radio services

--Privacy And Communications Security:
The FCC Role \$15,000-
20,000

These funds are to be used to generate studies, briefings, and symposia on immediate issues and on the long-term implications of recent developments or proposals for FCC action relating to privacy and communications security matters.

--Federal Communications Commission Co-sponsorship Of The 1979 Conference On Telecommunications Policy Research \$15,000

The funds are used to co-sponsor the 1979 Conference on Telecommunications Policy Research. This conference is designed to bring together private telecommunications researchers (from universities, research institutes, and industry) with Government policymakers in the belief that the resulting cross-fertilization will be beneficial to all concerned.

FCC also conditionally funded the following five studies in case any of the above studies or other previously approved studies are not ready for funding before the end of fiscal year 1979. This is, according to FCC, designed to "avoid the needless carryover of policy research funds into the next fiscal year."

--A Study Of International Message Telephone Service Demand	\$60,000- 80,000
--Study Of The Appropriateness Of Expensing vs. Capitalization Of Costs	\$50,000- 70,000
--A Preliminary Study Of The Regulatory Trade-offs In The Citizens Radio Service	\$20,000- 30,000
--An Evaluation Of The Experimental Exemption From Ascertainment Requirements For Stations In Small Communities	\$35,000- 45,000
--Tariff Simplification, Summarization And Indexing	\$20,000- 30,000

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